

286
D9

DUN'S REVIEW

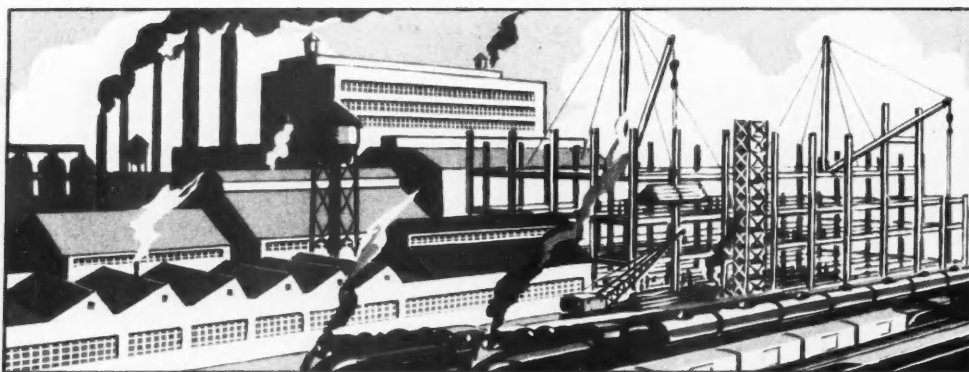
Published by
DUN & BRADSTREET, INC.
ESTABLISHED 1841

LXVII of a series of Century old cities - Lancaster, Pa.



Thirty five cents

August 1942



SPEED AND CONVERSION *are at work today*

You have probably wondered just what damage a bomb would do to your plant. But do you realize what damage *speed and conversion* may be doing *right now*?

When *speed and conversion* dominate the scene, strange things happen. Machines are converted to new uses; they are overworked; bearings burn out; accidents occur. Routine is upset, factory house-keeping suffers, and the hazards increase. New processes bring new risks of damage to men and machinery. Thousands of inexperienced workers tackle new jobs, increasing the hazards in respect to workmen's compensation and public liability. Pension and group insurance programs may present new problems and require fresh review. In fact, almost every industrial operation or property needs its insurance protection reviewed, so that where nec-

essary it may be strengthened or revised.

To meet this situation, engage a competent brokerage organization. They will supervise your entire insurance program—from initial study and the negotiation of contracts to the collection of claims—and let you get on with your job as a businessman. Their compensation is not an extra fee from you, but a brokerage paid by the insurance companies.

Johnson & Higgins have been in business nearly 100 years, and are fully staffed for every type and phase of business insurance. They serve many substantial firms and corporations as insurance buyers and advisers, and would be glad to render you the same service.

* * *

In insurance brokerage—it costs no more to have the best.

JOHNSON & HIGGINS

Established 1845

INSURANCE BROKERS

63 WALL STREET • NEW YORK

Buyers of Insurance for Commerce and Industry

CHICAGO

DETROIT

PHILADELPHIA

BUFFALO

HAVANA

LOS ANGELES

SAN FRANCISCO

SEATTLE

VANCOUVER

WINNIPEG

TORONTO

MONTREAL



QUEEN STREET FROM PENN SQUARE—EWING GALLOWAY

This Month's Cover
LANCASTER, PA.

For one day—September 27, 1777—Lancaster was the national capital, when the Continental Congress, driven from Philadelphia, sat here. Called Hickory Town until 1730 when it was laid out, the city was founded by Mennonites about 1717 amid rich fertile land which later was to make the area one of the most highly cultivated districts in the United States. Lying on the Conestoga River 65 miles west of Philadelphia, it was incorporated as a borough in 1742 and chartered a city in 1818. In colonial days Lancaster was the largest inland city on the continent and through it many wagons passed carrying pioneers in the long trek of the frontier. In 1780 some of General Burgoyne's troops were confined in the city after the surrender at Saratoga. From 1799 to 1812 Lancaster was the capital of Pennsylvania. . . . The print reproduced for the cover of "Dun's Review" was drawn from nature on stone by James Benade in 1835. From the Phelps Stokes Collection this print appears through the courtesy of the New York Public Library. . . . The points of interest in and about the city include the homes of Thaddeus Stevens and James Buchanan. Manners and costumes of some of the religious sects in the vicinity—Quakers, Mennonites, Amish—lend color to the community. The city's stockyards is the largest cattle market east of Chicago. The population is 61,345. Lancaster's 143 manufacturers produced goods valued at \$40,325,617 in 1939. Retail sales totalled \$35,661,000 in 1,343 stores; 142 wholesalers did \$24,529,000, and 495 service firms took in \$2,117,000. Manufactures include linoleum, cork, watches, umbrellas, cotton goods, and metal products.



DUN'S REVIEW

August, 1942

Wheat (Frontispiece) - - - - - 4

Six Months of Canadian Experience under a
General Price Ceiling - - - - - 5

FROM SELECTIVE PRICE CONTROL TO BLANKET
CEILING; METHODS, RESULTS, AND PROBLEMS

JULES BACKMAN
*School of Commerce, Accounts, and Finance
New York University*

New York City Attends to Its Own Business - II

WHY A CITY HAS A DEPARTMENT OF COMMERCE; HOW
THE CITY GOVERNMENT CO-OPERATES WITH BUSINESS

GEORGE A. SLOAN
*Commissioner of Commerce, City of New York
Chairman, Mayor's Business Advisory Committee*

National Income. What It Is; How It Is
Measured - - - - - 16

A PICTURE OF THE GENERAL MEANING OF NATIONAL
INCOME ESTIMATES AND THEIR IMPORTANCE

CHARLES L. MERWIN
*Economist, National Income Unit, U. S. Department of Commerce
Formerly on Staff, National Bureau of Economic Research*

The Trend of Business - - - - - 20

Regional Trade Barometers - - 22, 23, 24

Significant Business Indicators - - - - - 24

Failure Rate Remains Low - - - - - 25

Tires and Organization - - - - - 34

WILLARD L. THORP
Editor, DUN'S REVIEW

Published monthly by DUN & BRADSTREET, INC., 290 Broadway,
New York, N. Y. . . . Vol. 50, No. 2172. . . . \$4 a year. . . .
Member C.C.A. . . . Copyright 1942 DUN & BRADSTREET, INC.
. . . . Printed in U.S.A. . . . Frontispiece by Helen L. Lee.





ROYAL CANADIAN MOUNTED POLICE—CANADIAN PUBLIC INFORMATION PHOTO

SIX MONTHS *of* CANADIAN EXPERIENCE UNDER *a* GENERAL PRICE CEILING

JULES BACKMAN

School of Commerce, Accounts, and Finance, New York University

"RETAIL prices cannot be allowed to rise. Such adjustments as may prove necessary must be made back from that point through the stages of distribution and manufacturing." In these words Donald Gordon, Chairman of the Wartime Prices and Trade Board has clearly stated Canada's price policy. The blanket ceiling was announced by Prime Minister MacKenzie King on October 18, 1941, and all prices—manufacturers, wholesalers, and retailers—were frozen at the maximum levels prevailing between September 15 and October 11, 1941. To make adjustments for existing inequities as well as those which developed under the pressure of wartime shortages, two alternatives

The control of wartime inflation by a blanket price ceiling has been tried in Canada long enough now to invite serious attention. Dr. Backman here discusses the general methods employed, special problems of today, the squeeze and the roll back, economies, subsidies, over-all results, and problems of tomorrow. Of even further interest is the author's placement of present methods against the studied background of the preceding system of selective price control.

were available to the Canadian Board.

Hardship cases could be adjusted either by making the retail ceiling flexible and allowing price increases where necessary or by maintaining the ceiling and then taking action to relieve or modify the pressure of higher costs. The decision to follow the latter procedure (although in special situations retail prices were allowed to rise) was a momentous one and has conditioned the pattern of actions which

subsequently developed. Because of this decision, the roll back, the cost economies program, and the subsidy became essential parts of the Canadian price program. Our decision to maintain a general retail price ceiling presents us in

this country with problems similar to those with which Canada has had several months' experience; the solutions reached there may hold valuable lessons for us here.

After slightly more than two years of war, the system of selective price control¹ instituted at the outbreak was superseded by the general price ceiling

¹ Comparatively few prices were formally fixed during the pre-ceiling period and most actions were on a voluntary basis. See Jules Backman, "Canadian Wartime Price Control," *Dun's Review*, December, 1941.



FARMING IN QUEBEC—CANADIAN PUBLIC INFORMATION PHOTO

"Although only sugar, coffee, tea, and gasoline are rationed now, a condition of increasing purchasing power, decreasing supplies of goods, and fixed prices must lead to an ever widening circle of rationed goods with all the administrative problems entailed. In England, Germany, and other countries, the development of black markets has accompanied rationing."

which was introduced as part of a comprehensive plan to control wartime inflation. The ceiling applies to the prices of all goods (except those specifically exempt) and almost all services. The maximum prices for each producer and distributor are those he charged in the basic period (September 15 to October 11, 1941) and hence prices vary between different producers or distributors of the same product.

The policy of the Board has been to permit changes from these levels mainly in manufacturers' or wholesalers' prices rather than in those charged by retailers. Former differentials, discounts, and other terms of sale must be continued unless the Board approves of their modification, and quality must be maintained. Unlike the United States plan, prices need not be listed or posted in retail stores.

Business and residential rents were fixed at the levels prevailing October 11 or earlier. Severe restrictions have been placed on installment credit sales; cash prices must be lower than credit prices, and the two prices must be clearly indicated in all advertising. Wages and salaries have also been frozen and can be increased only in hardship cases or to compensate for an increase in

living costs. The cost of living bonus is designed to aid all wage earners at or below the rank of foreman. For every point increase in living costs the bonus is 25 cents weekly for males over 21 and those earning \$25 or more weekly; for all others it is 1 per cent of the weekly wage. The stability of the cost of living index has made it unnecessary to grant any general bonus to date although some workers have been receiving it on a voluntary basis since last Fall.

All persons subject to the Maximum Prices Regulations must secure a license from the Board. The list of licenses has been a valuable means of communicating information to the affected parties. All these controls, except over wages, are under the Wartime Prices and Trade Board which has final responsibility for all prices including agricultural products, public utility rates, and so on. It also has broad powers over the supply and distribution of goods and services other than those used in war production.

Administrators, taken from industry, have been appointed for various groups of products (for example: fish products, livestock and meats, proprietary medicines, rayon) to exercise these powers

subject to the concurrence of the Wartime Prices and Trade Board. The field work is handled through regional and sub-regional offices which have been established throughout the dominion. These offices represent both the Wartime Prices and Trade Board and also the Wartime Industries Control Board (similar to our War Production Board).

Retail Ceiling Exceptions

All retail prices have not been maintained at the September-October 1941 level. Some groups of commodities have been exempt from the application of the retail ceiling because of special factors. These include most fresh fruits and vegetables, greenhouse products, and fresh fish, all of which are subject to wide seasonal price fluctuations, and also dressed fur skins, live animals, imported books, exports, purchases of war materials, printed music, stamps, and sale of personal effects. That these exemptions may not apply to all of the products in these groups was indicated by the subsequent establishment of ceilings on potatoes, onions, and bananas. Permission has been granted to pierce the retail ceiling in some special instances in line with the Board's policy

to adjust individual hardship cases.

Thus, where a minority group of retailers had failed to raise their prices to reflect high costs for specific products, they have been permitted to bring them into line (for example: OKa cheese, bottled soft drinks, and Van Raalte labelled women's lingerie). Retailers who had not yet passed on a cost increase on certain frosted foods (based on a price list issued October 11) to the consumer were permitted to do so by the Board because the prices of these products were "abnormally low in relation to maximum retail prices established for similar products packed by other companies."

A corset manufacturer who had not increased prices during 1940 and 1941 and who was "in the red" in 1942 was permitted to raise his price and the retailers handling the product were permitted to do likewise. A knitting company, which had purchased off shade yarns below the prevailing prices for standard yarns and accordingly had in the basic period sold sweaters at a relatively low price was permitted to raise the price to retailers who could pass the increase on to their customers. Other hardship cases in which high manufacturers' costs have been passed on to the consumer have included: canned crabmeat, canned lobster, and butter color. In each instance, the retailer could not add to his cost a greater mark-up than he charged in the basic period.

A mining company in an isolated area operating its own commissaries which were supplied from a year to eighteen months in advance was allowed to increase its prices to reflect increased costs only after a majority of its employees (the customers of the commissaries) "agreed in writing to accept price increases." The changes in import conditions after Pearl Harbor made it necessary to discontinue the relatively low retail price for tea in the Maritime and the Western provinces and an increase of 5 cents a pound was permitted. Canned salmon prices which had been based on the cost of the 1940 pack were allowed to rise 1



FEDERAL BUILDINGS, OTTAWA—CANADIAN PUBLIC INFORMATION PHOTO

"Retail prices cannot be allowed to rise. Such adjustments as may prove necessary must be made back from that point through the stages of distribution and manufacturing." Thus did Donald Gordon clearly state Canada's wartime price policy.

cent for a one-pound can and $\frac{1}{2}$ cent for one-half or one-quarter-pound cans above the basic period price to allow for higher costs.

Flexibility was also effected by recognizing that some products have seasonal price movements. In several instances the September-October 1941 ceiling was not considered representative and was replaced by the prices in a corresponding period in 1941 or by some other seasonal schedule. Illustrations include coal and coke, frozen eggs, and fresh salmon. In addition, prices at Summer resorts are limited to the levels prevailing in the Summer of 1941. However, where Summer resort rates were unchanged from 1940, up to a 10 per cent rise is permitted. This applies to rentals for Summer cottages as well as to hot dogs, hamburgers, and meals served at these resorts. These exceptions have not been numerous; the general level of retail prices has changed only slightly since November 1941.

In Canada as in this country special problems arose in connection with seasonal goods. Many products used mainly in the Spring and Summer either were not sold in the basic period

or were sold at levels which did not reflect the rising costs of goods manufactured to be sold in 1942. For a long list of Spring and Summer goods, the Board ruled that "such seasonal goods may sell at retail during their appropriate season in 1942 at prices which reflect the increase in retail prices of comparable goods between the last season in which they were sold at retail and the basic period." In other words, the price rise between the Spring or Summer and the Fall of 1941 could be added to the 1941 prices for these goods.

Although for most products the maximum increase allowed in manufacturers' prices was 10 per cent, in a few instances increases of 16 per cent (for example: cotton sport clothes, other cotton products) or 20 per cent (for example: furniture, mosquito netting, camp shoes with crepe soles) were permitted. The maximum permitted wholesale and retail prices are then calculated by "adding to the laid down cost a mark-up not greater than the mark-up normally obtained on sales of the same or substantially similar goods." However, before a manufacturer may increase the price of seasonal goods he must file the proposed selling

price, the 1941 maximum price, and his cost sheets for 1942 with the appropriate Administrator who may prohibit or limit any proposed increase.

The time lag between increases in wholesale and retail prices usually means that many retail prices are somewhat lower than warranted by replacement costs. This tendency becomes accentuated when distributors heed government appeals against "excessive" price rises and price on the basis of inventory costs or an average of inventory and replacement costs. Under these conditions, the simultaneous freezing of manufacturers', wholesale, and retail prices as of a given period, froze price relationships which were often highly inequitable to retailers.

A major aspect of Canadian policy was devoted to alleviating the pressure upon retailers created by this squeeze. Since general increases in retail prices were prohibited, relief had to be afforded by reducing the cost of merchandise to the retailer. The program had three major aspects: the roll back, the introduction of measures to effect cost economies, and the payment of subsidies.

The first step is usually to try to roll back the squeeze. Where this is impossible and undue hardship would result if the cost increase had to be borne in full, then a subsidy may be paid to producers and a program of simplification, elimination of frills, or other means to cut costs, inaugurated.

The roll back is a means of reducing the pressure on the retailer by eliminating or modifying cost increases which have not been reflected in his price. Usually it has taken two forms: (1) reversion of manufacturers' prices to some period prior to the basic one to eliminate a price rise, and (2) the distribution of a cost increase among manufacturers, wholesalers, and retailers so that no group will bear an excessive proportion of the burden. This second procedure usually results in a reduction in profit margins of all the affected persons. These roll backs may either result from voluntary agreements

or from government order; they may affect an entire industry or be arranged between individual retailers and their suppliers.

The grocery trade furnishes an excellent illustration of the first type of roll back. A sharp price rise between June and October 1941 in manufacturers' prices had not been reflected in correspondingly higher retail prices. To alleviate the resulting severe squeeze, the maximum prices for manufacturers were set at the June level. If this roll back resulted in a lower cost to any retailer than that upon which he based his maximum selling price in the basic period, he had to reduce his price proportionately. Forty-three groups of products were affected including canned meats, clothes pins, peanut butter, spices, breakfast cereals, wax paper, and soap.

Manufacturers were to be reimbursed for this reduction by the payment of a subsidy covering the difference between the June and October prices. However, the subsidy was to be "reduced by the amount by which his profits from his entire business, after taxes, are greater than his standard profits for the purposes of the Excess Profits Tax, after tax is paid in the standard period." The Board estimated that because of their favorable profits position, "many manufacturers will not require or be entitled to the subsidy."

That no single formula has been used to determine the sharing of the squeeze is indicated by the following examples:

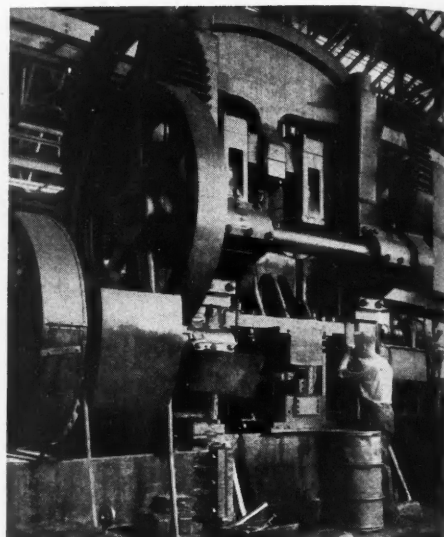
Of a 10 per cent increase in the cost of producing felt shoes, the manufacturers absorbed 6 per cent and the retailers 4 per cent.

Of a \$2.50 increase per dozen for trade mark shirts the manufacturers absorbed \$2 and the retailers \$.50.

Where costs of producing hard furniture in Ontario increased at least 12 per cent, the retailer absorbed 6 per cent; smaller cost increases were divided equally.

A 15 per cent increase in costs of manufacturing shoes was divided as follows: 4 per cent by the manufacturer, 4 per cent by the retailer and wholesaler, 7 per cent as a subsidy payment by the government.

Chocolate bar production costs in-



EWING GALLOWAY

Giant Die Stamp

After God rested on the Seventh Day
He moulded Adam from the living clay,

And gave to Adam and Adam's son
The task of shaping a world begun

And with the fingers of the mime
Man patterned hope in the face of time.

Nature, at best a sullen teacher,
Revealed her patterns to the creature

And the iron slave holds patterns for
The things men shape for peace and war.

And with the pressure of his thumb,
Man makes his image on things to come.

A. M. SULLIVAN

creased by 2 cents per box by October 10; of this increase 1 cent was absorbed by the manufacturer while wholesalers and retailers each absorbed $\frac{1}{2}$ cent per box.

When leather clothing and gloves manufacturers were permitted to raise their prices 4 per cent above the January-March 1941 level, wholesalers and retailers divided the increase.

A similar provision was provided for a 3 per cent increase permitted to harness manufacturers.

In each of these cases, reductions in profit margins were necessary all along the line since no increase in their retail prices was permitted. To offset these higher costs, the Board has been pressing its campaign for cost economies through simplification and standardization.

Economies Program

This economies program is one of the most important aspects of the Board's efforts to hold the retail ceiling. To the extent that it is successful, it offsets in whole or in part the pressures attending higher costs and reduces the need for subsidy payments. The conservation of essential materials is also effected as a result of these programs. Whereas the sharing of the squeeze and seasonal pricing problems played an important rôle in the transitional and early months of the general ceiling plan, the economies program is now begin-

ning to play a vital rôle. Often subsidies may be paid as a temporary measure conditional upon the institution of economies since it takes time to work out these plans and to place them in effect.

A Division of Simplified Practice has been set up to assist manufacturers and the administrators to eliminate "frills and fancies," to standardize designs and reduce them in number, to eliminate odd sizes and shapes, to eliminate extravagant marketing methods, and so on. This program is being expanded. The products thus far affected include: bread, luggage, furniture, smoked cross pack fillets of fish, men and women's clothing, paints and varnishes, and paper products. Curtailment of retail store deliveries to conserve rubber and limitations upon returns of merchandise have also helped to reduce the retailer's costs.

Where rising costs could not be fully absorbed through sharing the squeeze or be offset immediately by the economies program, subsidies are paid through the Commodity Prices Stabilization Corporation. The need to pay subsidies on imports may be obviated by lowering any tariffs to which they may be subject as well as by the elimination of anti-dumping duties.

Import subsidies are paid only on

consumer goods and on machinery, tools, equipment, and so on, used by farmers or other individuals in their personal trade or occupation; they are not paid on production goods. Thus to receive subsidies on imports of coal or coke, dealers must make sworn declarations that they "had been sold as consumer goods." However, not all imported consumer goods are eligible for the subsidy. Only goods which are considered to be essential are subsidized.

The Hon. J. L. Ilsley, Minister of Finance, recently stated "We are prepared to permit some non-essential supplies to disappear from the Canadian market rather than permit either their prices to be increased above the ceiling or to subsidize what are really non-essentials." Other imports not eligible for subsidy include: those imported directly by the consumer, cases where the total subsidy would be less than \$25 monthly, goods exempt from the price ceiling, goods the production of which is prohibited in Canada, and any others designated by the Board.

Special conditions have been set up frequently. Thus, the payments on footwear, one of the largest during the first few months, was considered to be an interim measure designed to cover the period it would take to devise methods of simplification. Officially, it has

"In terms of the available data for retail prices, wholesale prices, and cost of living, the blanket ceiling has successfully prevented any significant changes in the general level of prices. . . . Relative stability in the index of living costs, however, does not necessarily indicate that the cost of living has not gone up." Many reports show that low profit lines have been discarded for more profitable ones.

BAKING BREAD THE OLD WAY, GASPE PENINSULA, QUEBEC—CANADIAN PUBLIC INFORMATION PHOTO



been stated, "subsidies insure current supplies. Simplification and standardization will reduce costs and permit subsidies to be discontinued."

Moreover, the subsidy is not designed to cover the entire increase in costs—the industry or trade must bear part of the burden itself. In the words of Mr. Ilsley, "the subsidy, in conjunction with the special conditions attached to it, should leave the industry in a worse, not a better, profit position than before the price ceiling was imposed." Canners of domestic fruits and vegetables were compensated for 80 per cent of the inventory loss they suffered when to permit maintenance of the retail ceiling their prices were rolled back to the level existing in the Spring and early Summer of 1941.

Since, for administrative reasons, it is desired to pay subsidies on a product at a uniform rate, instances occur in which the net costs of importers, manufacturers, or distributors may fall below those on which they based their maximum selling price. The Board has ruled that "the maximum selling price of such importer, manufacturer, wholesaler, or retailer for such merchandise shall be reduced proportionately."

Up to April 21, 1942, slightly more than \$2,000,000² had been paid by the Commodity Price Stabilization Corporation (see table). Almost two-thirds of this total was paid to milk producers to obtain the required supply. This was only a temporary measure and the subsidy was discontinued at the end of April when the price structure of milk was revised. Other products in the list no longer eligible for subsidies include: lima beans, cleaned rice, tapioca, cocoa, dried fruits, and grapefruit juice.

But in place of these products commitments have been made to pay subsidies on the 43 groups of grocery products previously mentioned, canned fruits and vegetables, coal and coke, and many other products. Moreover, products such as currants, raisins, and cocoa, formerly eligible for subsidies,

² Up to June 1, 1942, total subsidy payments were \$4,035,455 of which \$676,070 were for imports.

SUBSIDIES PAID

Total subsidies paid out by COMMODITY STABILIZATION CORPORATION, LTD., CANADA, to April 21, 1942, in even dollars

DOMESTIC:	
Milk	\$1,387,630
Footwear	584,355
Leather garments	2,778
TOTAL DOMESTIC	\$1,974,763
IMPORTS:	
Spices, ground	175
Lima beans	460
Rice	5,468
Tapioca	284
Cocoa, beans, etc.	3,922
Fruits, dried and evaporated	31,245
Grapefruit juice	70,297
Anaesthetics	816
Antimony oxide	2,646
Peppermint oil	360
Inedible pigskin grease	1,217
Tableware	312
Brass and copper nails, etc.	125
Cutlery	660
Tools	160
Hollow-ware	133
Iron and steel (manufactured)	513
Cotton linters	1,910
Cotton, rovings, yarns, warps.	5,128
Cotton woven fabrics	13,330
Cotton handkerchiefs	247
Woven fabrics of cotton or hemp.	872
Vegetable fiber rovings, yarns, warps	1,700
Wool, camel, goat, etc.	270
Carpets, rugs, etc.	183
Raw hides and skins	4,826
Broom corn	6,089
Sundry items of less than \$100.	871
TOTAL IMPORTS	\$154,219
TOTAL SUBSIDIES	\$2,128,982

☆ ☆ ☆

are now being bought directly by the C.P.S.C. and undoubtedly the amounts previously paid as subsidies will henceforth be reflected as operating losses of that agency. Moreover, it takes time for governmental machinery to be established and for business men to adjust themselves to it. Hence the relatively low total of subsidies may not be considered as a guide to future expenditures of this type; the total may increase considerably. The Minister of Finance has estimated that total subsidies in the fiscal year 1942-1943 may aggregate approximately \$50 million.

In terms of the available data for retail prices, wholesale prices, and cost of living, the blanket ceiling has successfully prevented any significant changes in the general level of prices during the

first six months of its operation. Relative stability in the *index of living costs*, however, does not necessarily indicate that the *cost of living* has not gone up. There have been persistent reports that low profit lines have been discarded for those on which higher profits could be made. While these reports cannot be verified, there would seem to be little reason to doubt such a development. Since consumers, under such conditions, must replace these goods with similar ones at higher prices, to the extent that low priced lines disappear, living costs would rise somewhat. Similarly, little evidence is available as to whether or not quality has been maintained.

The retailer's profit margin appears to have been cut only moderately because of the squeeze. According to Edgar G. Burton, Retail Trade Administrator, the retail margin on men's clothing has been cut 3½ per cent and on shoes by 2½ per cent. He estimates the total reduction at about 1 per cent up to the end of April and anticipates that by the end of this year retail margins will be cut by 2 or 3 per cent. Other estimates have been somewhat higher.

The decline in retail failures also indicates that the burden has not yet been unduly heavy. During the first five months from December 1941 to April 1942, the number of retail failures declined by almost one-third as compared with the same period a year earlier and even more from the level two years earlier. In the latter period there were 302 as compared with 206 from December 1941 to April 1942, totalling \$1,640,000 and \$1,282,000, respectively (figures from DUN & BRADSTREET, INC.).

The number of failures in the wholesale trade, however, was somewhat higher than a year earlier, but substantially below the total from December 1939 to April 1940. In the December 1940 to April 1941 period there were 16 (\$183,000) as compared with 21 (\$319,000) in the December 1941 to April 1942 period.

(Continued on page 30)



"We cannot raise cotton in the financial district, or mine coal, or grow wheat and corn. Each of these commodities is a vitally essential part of the body politic. They are produced where they are because of climatic and other natural conditions. New York City, on the other hand, has become a great financial center and always will remain so because it is the plexus of population, transportation, and communication for the United States.

"There is a definite mechanical and far-reaching importance to the accumulation somewhere of funds in volume adequate to take care of the largest operations which a nation of our magnitude requires. Through accepting such funds, which for generations have normally flowed to New York City, something new is created in the way of a great volume of readily available resources which has played a vital part in the building of America.

"When national attention is directed to New York City, it necessarily must consider the importance of its security and commodity exchanges and their relationship to the financial activities of people everywhere. The pulse of commerce, of industrial production, of building construction, of consumption of a myriad of consumer goods, throbs more strongly upon the Stock Exchange than in any other of our great American markets."—George A. Sloan

New York City

ATTENDS TO ITS OWN BUSINESS

GEORGE A. SLOAN

*Commissioner of Commerce, City of New York
Chairman, Mayor's Business Advisory Committee*

TO promote and encourage commerce in the City of New York there was set up two years ago a group known as the Mayor's Business Advisory Committee. It acts as a sympathetic ear to which actual or anticipated hardships may be referred by the Commissioner of Commerce, with a view to receiving attention not primarily as a particular case of hardship needing redress but as a case of hardship which, if it were presentative of other cases, would operate to cause the city to lose valuable business. It also interprets to representatives of business the difficulties, political and otherwise, with which the city administration is confronted.

This committee consists of 80 leaders of industry, labor, and finance; it serves in an advisory capacity to the Mayor and to the Department of Commerce

of the City of New York. It was set up by Mayor Fiorello H. LaGuardia when he reorganized his Department of Commerce following an exchange of views in June 1940 with Messrs. Gano Dunn, president, J. G. White Engineering Company; Richard W. Lawrence, president, Bankers Commercial Corporation; David L. Tilly, president, New York Dock Company; Jack L. Straus, president, R. H. Macy & Company; and Percy H. Johnston, chairman, Chemical Bank and Trust Company.

The work of the Mayor's Business Advisory Committee was undertaken not merely with a view to "selling" New York City to the United States, but in a deeper sense to bring out the true value and significance of this great metropolis in the living structure of

our country of America as a whole.

The chairman of the committee was appointed Commissioner of the New York City Department of Commerce and the secretary of the committee, Mr. David S. Meiklejohn, was appointed Director of the department. The city pays the salary of the Director, supplies an office staff and meets the expenses of the Department of Commerce which was then established as a regular department of the city government. The Commissioner serves the city without salary and the committee raises an annual fund from its members to meet the cost of special research studies and to pay administration expenses of the committee itself.

Several factors entered into the decision to associate the City Department of Commerce with a Mayor's Business

[11]

Advisory Committee. The business problems in this city of seven and one-half million people are very complex. An appreciation of the magnitude of these problems can be gained by recalling that the city's population is greater than that of Chicago, Philadelphia, and Detroit combined.

In normal times almost half of the nation's foreign trade passes through its port. About one-third of the country's bank deposits are in New York City banks. One-fourth of the whole-sale sales of the country are made in New York City, and our retail sales are greater than those of Chicago, Philadelphia, Los Angeles, and Cleveland combined. We are by far the leading manufacturing city in the country with production, in the last census year, 1939, 50 per cent greater than the next greatest manufacturing center, Chicago, and two and one-half times that of either Detroit or Philadelphia.

The Mayor felt that business should have a permanent place in the councils of the city's government. That representation is now effected by a full-fledged city Department of Commerce of which the Business Advisory Committee is an integral part.

The question, of course, is sometimes raised—does not the Chamber of Commerce speak for business, and isn't the

Department of Commerce duplicating the work of the Chamber of Commerce. In New York City the answer is definitely no. In New York City there are three distinguished organizations dealing with business problems affecting the whole city, the Chamber of Commerce of the State of New York, the New York Board of Trade, and the Commerce and Industry Association of New York (formerly the Merchants Association). Each is performing a valuable service. And the same holds true with the several active Chambers of Commerce and Boards of Trade in all the five boroughs.

Instead of duplicating their efforts, the Department of Commerce works closely with these organizations and at the same time occupies a relationship to the city administration, including the other departments of city government, similar to that of the U. S. Department of Commerce in its relationship to other branches of the Federal Government.

All of these local organizations are now represented on the Mayor's Business Advisory Committee and through frequent meetings with the Mayor and the daily contacts of its chairman and secretary as Commissioner and Director respectively of the Department of Commerce, they are able to present

their considered views to the Mayor at all times. Because of the confidential nature of the discussions, there is complete frankness between the Mayor and the committee members. Difficult problems are threshed out "within the family" and the results have been an education to both parties and of great benefit to the city.

Helping Business

Few business men have a proper appreciation of the problems of administering a city of the size of New York and many of their difficulties in the past with the city administration came through an approach to the wrong department. Today they go direct to the Department of Commerce which is familiar with their problems and with the organization of the various city departments. When their problem concerns another branch of government they are directed to the right department and to the right official in that department.

A manufacturer in New York City is subject to the regulations of the Department of Housing and Buildings, the Fire Department, the Department of Health, the State Labor Department, and so on.

There is no question that, in some instances, an inspector from one of these departments has interpreted a regulation in a manner which seemed inconsistent with sound business practice. Now such matters are often straightened out if an approach is made to the Department of Commerce which works in close co-operation with the other commissioners, all of whom are anxious to help business men to the full extent of their authority. For the past two years these other departments have gone "all out" in their aid to the Department of Commerce and the Mayor's Business Advisory Committee.

Recently a manufacturer engaged in the manufacture of ordnance for the War Department was asked by the Army to double his production immediately and to do so by expanding his manufacturing into a building then

"The business problems in this city . . . are very complex. . . the city's population is greater than that of Chicago, Philadelphia, and Detroit. . ."

DOWNTOWN AND HUDSON RIVER—LAWRENCE D. THORNTON





AKRON STUDIOS

New York business men plan war production clinic—attended by 3,000 small manufacturers—resulting in 960 negotiations for sub-contracts. From left (front): Harper Sibley, former president, U. S. Chamber of Commerce; Geo. A. Sloan, chairman, Mayor's Business Advisory Committee, chairman, National Defense Exposition; Louis S. Cates, president, Phelps Dodge Corp. Back: Frank L. Andrews, president, Hotel New Yorker; David L. Tilly, president, New York Dock Co.; Clarence Francis, president, General Foods Corp.; Leon Fraser, president, First National Bank; Benjamin H. Namm, president, Namm Dept. Store.

used by him for storage. The Army particularly wanted that building utilized so that the whole operation would be conducted in the same neighborhood. Zoning regulations, however, prohibited manufacturing in the second building.

Within four hours after the problem was presented to the Department of Commerce, the story had been checked with the Army, and the Building Department had satisfied themselves that the operation was safe. A conference was then held with the representatives of the city departments involved, and the manufacturer started moving into the new plant the next morning. This was a war emergency measure. The manufacturing in this building will be discontinued when the war is ended.

New York City prides itself on its favorable working conditions and the city is thoroughly zoned to the mutual benefit of manufacturers and residents. Before one can build in New York City, plans must be filed with the Building Department and checked by the other departments to see that they conform with zoning regulations, fire department regulations, etc. While essential, this procedure consumes time. To see

what could be done to speed up approval of plans for purely defense plants, we talked with the Commissioner of Housing and Buildings.

I think I can remember the exact words that Commissioner William Wilson used—"Listen, if you have a manufacturer who wants to build a factory in New York City and your department will certify that it is essential for war production, don't bother to write a letter, bring him down here at once. I will tell him in five minutes whether it can be done and he can start breaking ground immediately. Not only that but I will assign one of my engineers to work with his men and help him draw up his plans so that they meet requirements." No red tape in war construction is to be found in this area!

One day we went to Commissioner Wilson with a problem which came right back to us. The Gulf Oil Company had been ordered by the government to increase their fuel oil storage capacity in Staten Island by 50 per cent, about 83,000,000 gallons, to take care of an anticipated tanker shortage. Commissioner Wilson explained that there were only two areas in the city where

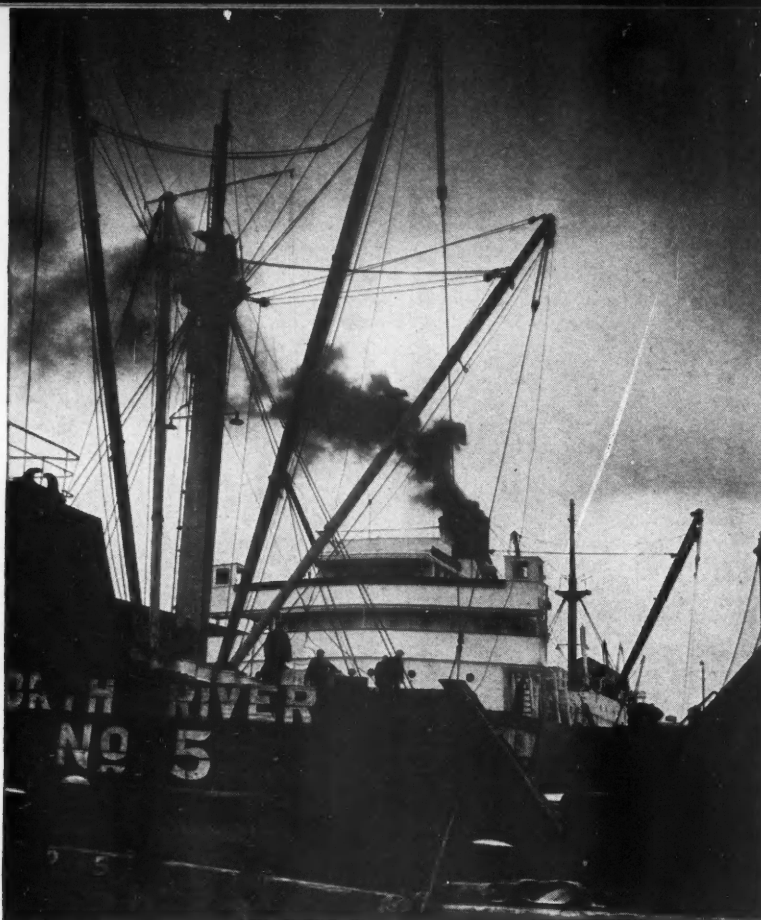
zoning regulations permitted construction of tanks of the size contemplated and this unhappily was not one of them.

The normal procedure is to apply to the Department of Housing and Buildings for a permit. On the permit being denied, application is then made to the Board of Standards and Appeals for a variance. With time allowed for public notices, etc., it could well take a month for a decision to be granted. If the decision were unfavorable, a bill would have to be introduced in the City Council to amend the Administrative Code. With committee hearings, public notices, and so on, it could easily have taken six months for final action.

The Department of Commerce discussed the matter with other city departments involved, with the Board of Standards and Appeals, the Majority Leader of the City Council, and finally with the Mayor. The next day a bill was introduced in the City Council to amend the Administrative Code to permit the construction of the tanks. An emergency measure from the Mayor rushed the appeal through the Committee on General Welfare and the vote was taken at the next meeting of the Council. The Building Department issued its permit for construction. The oil company ordered its tanks and not one day's time was lost in erection.

A Municipal Department of Commerce can accomplish many things for industry and commerce so long as it has the confidence of the Mayor of the particular community and especially when that support is supplemented by the advice and assistance of a Business Advisory Committee. It has an intimate association with the other city departments and the authority of the city government itself in its relations with outside parties.

A survey of the effect of the change in the observance date of Thanksgiving conducted by this department in 1941, by direction of the Mayor, is an example. The avowed reason for changing the observance date of Thanksgiving was in order to increase retail



HOBART

sales and employment in retail stores by extending the Christmas buying season for one week. The measure of whether the advanced date should be retained, therefore, was whether or not an increase in sales and employment resulted. With the co-operation of the Mayor's Business Advisory Committee, we secured confidential sales figures from all the large department stores in the city, and a greater number of smaller stores. These figures, together with the replies to a questionnaire, proved conclusively that no measurable improvement had resulted, and that the observance of different dates in adjoining States was a serious handicap. The Mayor submitted the department's report to Washington and shortly thereafter the President announced that Thanksgiving after 1941 would be observed on the traditional date.

The "Fashion Futures" in 1941 is another example of how a Department of Commerce can co-operate with busi-

ness interests in worthy civic promotion. With the fall of Paris, the time had come for New York City to assert itself as the fashion center of the world, a very important matter to over 300,000 people in its fashion industries. As a step in this direction it was decided to stage a fashion show, not just for the trade, but for the nation, and to identify it with the city itself. "Fashion Futures of 1941" was presented at the Astor, January 10 and 11, 1941. In magnitude it exceeded any fashion demonstration ever held before. It was attended by not only the leaders in fashion in this and neighboring countries, but also by the Mayor, the president of the City Council, many of the city commissioners, the borough presidents, and by members of the Mayor's Business Advisory Committee. It was a magnificent affair and went a long way toward accomplishing its objective. It was more than a trade show. It was New York City's show.

"In normal times almost half of the nation's foreign trade passes through its port. About one-third of the country's bank deposits are in New York City banks. One-fourth of the wholesale sales of the country are made in New York City. . ."

Again in 1940 the printing industry, having overcome abuses which had, in the past, caused certain large buyers of printing to buy out of town, undertook a campaign to bring some of this business back to New York. Through the Department of Commerce this was made a project of the city itself. A letter was addressed by the Department of Commerce to every large buyer of printing in the city, urging co-operation in the program as a matter of civic interest. According to leading interests in that industry, the effort produced immediate and substantial results.

"Selling" Washington

When in 1941 it became obvious that Federal agencies not directly related to the war program would be moved out of Washington, we established a Washington office of the New York City Department of Commerce. Four real estate experts were loaned to the city by banks and insurance companies. The companies paid their salaries and expenses. Armed with personal letters of introduction from the Mayor and the department to the heads of every department in Washington and the city's delegation in Congress, they spent four months bringing the city's unparalleled office and housing facilities to the attention of all departments that might be required to leave Washington. The Mayor's Business Advisory Committee, together with the Chamber of Commerce of the State of New York, the Commerce and Industry Association, the Real Estate Board of New York, and the New York Board of Trade, financed the printing of an illustrated pamphlet showing the advantages of New York as a place in which to live and work. When the first agency came to New York—the Home Owners' Loan Corporation—a subcommittee of the Mayor's Business Advisory Committee raised the funds to employ a man who was placed at the disposal of the Home Owners' Loan Corporation to help find homes for

employees moving to New York. We gave an official welcome to the employees of the Wages and Hours Administration and the Employees Compensation Commission upon their arrival in New York, distributing over 1,000 free tickets to theaters, moving pictures, the opera, Madison Square Garden, the Empire State Building, and other entertainments in the city. All the tickets were donated by theaters, hotels, etc. The city moved one of its own departments from one building to another so that the Veterans' Administration might take over the former building in its entirety. Through the facilities of the Department of Housing and Buildings, a complete inventory was made and is kept up to date showing available office space and housing. This information is sent regularly to Washington.

Garment Survey

One of the purposes of the funds raised by the Mayor's Business Advisory Committee is to finance economic studies on problems vital to the city's economy. The first of these studies is a report on "Trends in the New York Clothing Industry" directed by Dr. Leonard Drake and Dr. Carrie Glasser under the guidance of the Institute of Public Administration and financed by the Mayor's Business Advisory Committee and a "Committee of Fifteen," several of whose members are also members of the Mayor's Business Advisory Committee. The

clothing industry is the largest single manufacturing unit in the city, giving employment directly or indirectly, to 300,000 people. The Institute of Public Administration summarizes the report briefly as follows:

"The study shows that since 1909 employment in the men's clothing industry in New York City has declined sharply both in absolute amount and relative to the rest of the country. Three States, New Jersey, Pennsylvania, and Maryland together, gained more of the national men's coat and suit industry between 1923 and 1937 than was lost by either New York City or New York State. Unlike the experience in the men's clothing trades, the number of workers employed in New York City in the manufacture of women's apparel increased substantially between 1914 and 1939. However, despite this gain, New York City's share of national employment in the women's clothing industries shows an almost steady decline, due to the very rapid expansion of the industry in competing areas. The greater part of the relative loss sustained by New York City in this field has been gained by the greater suburban area in New York State, New Jersey, Pennsylvania, Massachusetts, and Connecticut. The report concludes that comparative labor costs appear to be the principal reason for the retarded growth of New York City as a center for women's garment manufacturing and for the absolute as well as relative decline in men's wear production."

It is interesting to note the comments of the two investigators and their final conclusions drawn from the study.

"Mr. Leonard A. Drake is of the opinion that there has been a substantial decline of the dress industry in New York City, due to the exodus of this industry to other areas. Dr. Carrie Glasser, however, finds that New York City has not suffered a real loss, but has been surpassed by a more rapid growth in other garment centers."

This report is of value in planning for the future and we hope that it will lead to a fuller understanding of the basic problems by management, labor, and the community. It may well serve as an example for other studies.

In addition to special studies such as this, the department has gathered together both public and confidential information from Federal, State, and local authorities; utility companies; trade associations, etc., bearing on the city's economic position. This information includes a classified industrial directory of all manufacturers in the city, monthly lists of new and discontinued factories, the movement of plants from borough to borough, a complete breakdown of employment in all fields, a classification of unemployed by skills, an inventory of all vacant factory space, vacant office space and available homes and apartments, lists of war production contracts, etc. This data, much of it confidential, has been of great value in Mayor LaGuardia's ef-

(Continued on page 26)

LOOKING SOUTH FROM RCA BUILDING AT NIGHT—LAWRENCE D. THORNTON

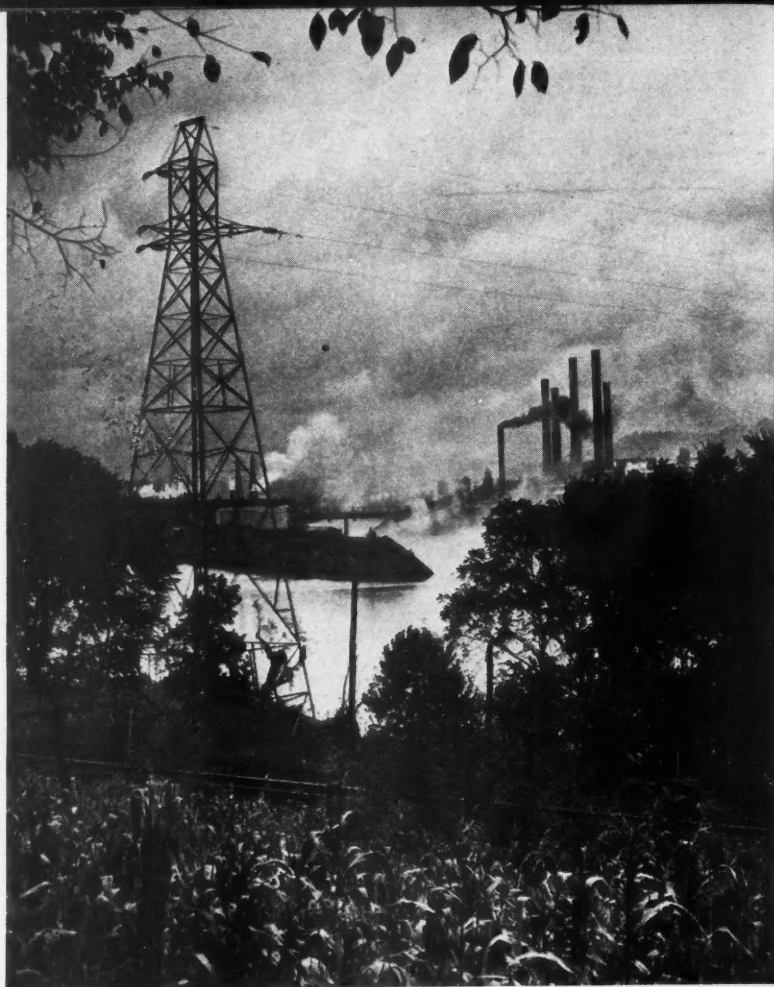
"Few business men have a proper appreciation of the problems of administering a city of the size of New York and many of their difficulties in the past with the city administration came through an approach to the wrong department. Today they go direct to the Department of Commerce which is familiar with their problems and with the organization of the various city departments."

IN recent years widespread use has been made of national income estimates, not only by government officials and economists, but also by business men and financiers. The figures are widely quoted and analyzed in the financial press, and the current estimates find their way into the columns of most regular newspapers, as news or as the basis of editorial comment.

Despite their wide use, however, national income estimates are an enigma to many business men—a condition aggravated by the fact that misuses of the estimates are common. The importance of the estimates, and their resulting uses, spring from the fact that they constitute the most comprehensive measure available of the functioning of our economic system. They provide a summary picture of the amounts and kinds of goods produced and of the ways in which these goods are distributed among the various elements of the population. They tell us the contribution of each industry to the total net product of the country, and the reward to each of the factors of production. And they indicate the amount of economic goods devoted to ultimate consumption and that part set aside as additions to existing stock of capital goods.

Unlike many materials which this country requires for the prosecution of the war, national income estimates are not in short supply. The estimates for the United States are probably more complete and extensive than those for any other country.

Credit for laying the groundwork of our present series on national income belongs to the National Bureau of Economic Research, a non-profit organization for ascertaining and interpreting important economic facts impartially. In 1933 the United States Department of Commerce, relying on the technical assistance and general methods of the National Bureau, undertook in re-



INDUSTRY ALONG THE KANAWHA—FREE-LANCE PHOTOGRAPHERS GUILD

NATIONAL INCOME

What it is; how it is measured

CHARLES L. MERWIN

*Economist, National Income Unit, U. S. Department of Commerce;
Formerly on Staff, Financial Research Program
National Bureau of Economic Research*

sponse to a Senate Resolution the preparation of annual estimates of national income. To this Department belongs the credit for refining the estimates and keeping them current, as well as for broadening their scope and detail.

Simon Kuznets, Professor of Economics at the University of Pennsylvania, and now on the staff of the War Production Board, is generally considered the world's leading authority

on national income. Most of the material in this article is from two volumes by him,¹ and for a further presentation the reader is referred to that source.

There are countless technical difficulties that arise in any discussion of national income, but most of these will

¹ *National Income and Its Composition, 1919-1938*, by Simon Kuznets. The National Bureau of Economic Research, New York, 1941. For more current figures, and applications of national income estimates to present-day problems, see the *Survey of Current Business*, published monthly by the Bureau of Foreign and Domestic Commerce, United States Department of Commerce.

be glossed over here in order to give a clearer view of the general field. Professor Kuznets has defined national income as "the net value of all economic goods produced by the nation." A statement of the meaning given to each term in this definition—net value, economic goods, produced, nation—serves to clear away some of the confusion respecting national income. But the reader must remember that these meanings are those given to the terms by Professor Kuznets. Although a roughly similar concept of national income is employed by the U. S. Department of Commerce, as well as most other income investigators in this country and abroad, it is not incumbent upon a particular investigator to use this concept.

Any national income estimate is an appraisal of the value of the economic net output of a nation—and this appraisal represents the opinion of the investigator. It is conditioned not only by the availability and reliability of the data and by the competence and hon-

esty of the investigator, but also, explicitly or implicitly, by the investigator's social presumptions and by the institutional framework of society.

National income is limited to economic goods, which have the triple characteristic of utility, scarcity, and disposability. Air is not an economic good because, although useful and disposable, it is not scarce. Human knowledge, too, is not an economic good because, although useful and (sorry to say) scarce, it is not disposable as such, as it is in a slave economy. Economic goods may be tangible, such as food, clothing, houses, and automobiles; or intangible, such as the services of lawyers, doctors, opera singers, and government officials.

Not all economic goods can qualify for inclusion in the national income. Some, called non-market goods, are excluded because they figure in individuals' personal lives rather than in their economic activity. Examples of such goods are services of housewives and shaving oneself. It is difficult to

distinguish such goods from others but as a practical solution, passage through the market place is employed by the income investigator as the basis of distinction.

Other economic goods, called non-productive activities, are excluded from the national income because, although useful to certain persons, they are not considered useful to society. Obvious examples are illegal activities, such as murder, prostitution, and robbery. This productivity criterion also serves to exclude so-called transfer transactions: such transactions pass through the market and are legal, but they do not add to the flow of goods at the disposal of the inhabitants of the country. Excluded on this basis are such items as capital gains and losses, philanthropic contributions and gifts, and direct relief payments.

Market value is the common denominator in which national income estimates are expressed. It is not possible to add together 4,000,000 automobiles, 500,000 refrigerators, and 100,000 houses into a meaningful total, but one can add together, with meaningful results, the value of these items. The economic goods which qualify for inclusion in the national income are assigned a value—usually their market price—and these values are then added up (giving due regard to sign) to form the national income total.

A few types of economic goods which do not pass through the market are nevertheless included in the national income: home-produced food consumed on the farm, and net income (imputed) from owner-occupied dwellings. These are given the value of their market counterparts: food consumed by non-farmers, and tenant-occupied dwellings.

Another relatively important class of economic goods—governmental services—has a special relationship to the market, and their valuation raises one of the most difficult problems faced by the income investigator. Professor Kuznets values such services at the prices paid for them, that is, tax receipts,

"Individuals engage in economic activity," it is assumed, "for the purpose of making a living, and national income gives a measure of their success in seeking this goal."

KEYSTONE



and then reconciles the customary disparity between tax receipts and governmental expenditures by an item of positive or negative savings of governmental agencies. In this respect Professor Kuznets' practice differs from that followed by the Department of Commerce, which values governmental services at their cost, that is, governmental expenditures, and therefore does not require a balancing savings item.

In a preceding paragraph it was said that national income was in essence the sum of the values of economic goods, "giving due regard to sign." The qualification is important, and enters into the basic definition of national income, given earlier in this article, through the use of the word "net." In other words, national income is not the gross value, but the net value, of these economic goods, and the distinction between net and gross rests upon a fundamental assumption respecting the end-purpose of economic activity. Individuals engage in economic activity, according to this assumption, for the purpose of making a living, and national income gives a measure of their success in seeking this goal. It represents the monetary value of those economic goods produced during the year and available for "living," or, as the economist says, for ultimate consumption. All the other goods go into so-called intermediate

consumption; that is, they are used up in the process of providing those goods available for ultimate consumption.

The principal examples of intermediate-consumption goods are the raw materials used in industry, and the use of capital goods, presumably represented by the accounting charge known as depreciation. To recapitulate, from the gross value of product we subtract the value of those goods (raw materials, capital equipment) used up in production; the result is the net value product, or the national income.

Different Measures

Four different stages in the flow of income may be distinguished, and national income may be measured at any one of these; produced, paid out, spent, and consumed. Most investigators prefer to confine the term "national income" to one total, the net value of goods produced, and that terminology is the prevailing one today. Production is considered as being a continuous process, and the value added to goods is recorded in the national income for a given period whether or not the goods have reached the end of the transformation (that is, production) process.

This is a characteristic of national income estimates that is forced upon the investigator by the fact that most of the business enterprises, whose reported data are used to calculate much

of the national income, keep their books on an accrual basis. This accounting practice is not universal, of course, so national income estimates actually constitute a mixture: in some areas, goods are not counted in until production is completed, while in others goods are counted in regardless of their stage in the production process.

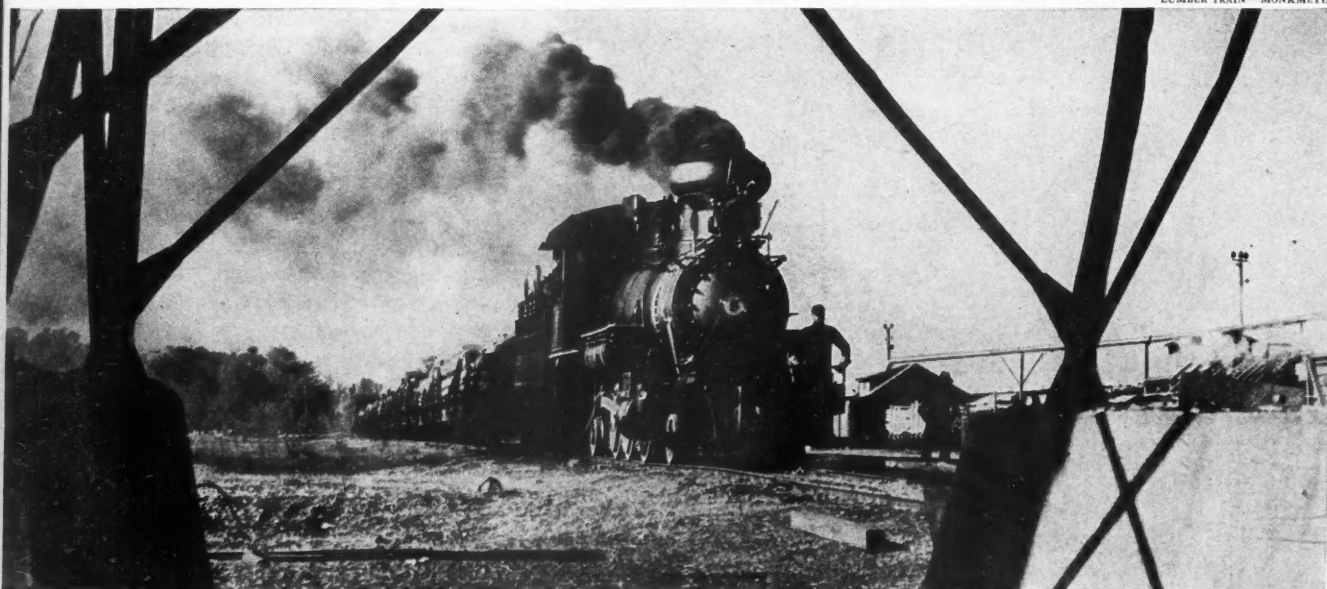
One more term in our basic national income definition remains to be discussed: nation. For the United States, but not for all countries, the question raised by this term is of more theoretical than practical importance. Reflecting the international relations that prevailed during the last century and the early part of the present century, property income payments to persons living abroad are excluded from, and property income payments from abroad to persons living in this country are added into, the national income. In other words, the nation is defined as "the group of individuals domiciled within the country's territorial boundaries."²

The actual procedures used in constructing national income estimates are conditioned by the availability of data. In general, data on wages and salaries, net income of unincorporated businesses, interest, dividends, rents and royalties, and savings of corporations are more plentiful and usable than those on the types of goods produced

² Kuznets, *op. cit.*, p. 54.

"Production is considered as being a continuous process, and the value added to goods is recorded in the national income for a given period, whether or not the goods have reached the end of the transformation (that is, production) process."

LUMBER TRAIN—MONKMEYER



for ultimate and intermediate consumption. For that reason national income estimates are generally constructed by the industrial payments approach. For each of the industries into which it is decided to break down the national income, the investigator ascertains the various shares listed above paid to the factors of production.

Most of the material is taken from reports of the Bureau of the Census, and interpolated for intercensal years by means of various indexes. That relating to corporations—particularly the important profit item—is taken from tabulations of income tax returns prepared by the Treasury Department. A significant portion of the material is taken from scattered sources too numerous to mention. The reliability of the resulting estimates is a moot point. An error of 5 per cent in the national total would not be surprising (our present estimates are probably too low), and a considerably larger error, in either direction, may exist in certain particular components of the total. But the year-to-year movements of the national total, as well as of most of the components, are rather more reliable.

A Few Peculiarities

Now that we have surveyed, even though hurriedly, the conceptual basis of national income estimates, we are in a position to point out a few of the peculiarities of the estimates and clear up some of the popular misuses of the figures. The market place criterion introduces a characteristic into the estimates which has been neatly pointed by the paradox of the batchelor who, by marrying his housekeeper, decreased the national income; before the marriage the services of the housekeeper were included in the national income, but after the marriage they were excluded.

Another peculiarity springs from the distinction between net and gross. Property income, as counted in the national income, is net of a depreciation allowance designed to represent the consumption of capital, or the amount



GRAIN ELEVATOR—CHARLES PHELPS CUSHING

"Four different stages in the flow of income may be distinguished, and national income may be measured at any one of these; produced, paid out, spent, and consumed."

necessary to maintain the existing stock of capital. A corresponding deduction is not made in the case of labor income: the gross amount is included in the national income, before any allowance designed to maintain the existing supply of labor intact, that is, before living expenses. This practice follows from the fundamental assumption that the end-purpose of economic activity is making a living.³

Finally, the size of the national income may change merely because the general level of prices has moved upward or downward; there may have been no real change in the volume of economic goods. For this reason na-

tional income estimates are frequently converted to the price level of a particular year or period. This conversion is especially important when comparing the national income in two different periods.

There are many popular misconceptions of national income, only a few of which we have the space to mention here. Taxes are sometimes considered a "drain" on the national income. It is apparent, however, that they are no more a "drain" than are expenditures on automobiles, or lawyers' services, or medical aid. All fall into the category of payments for services rendered. The distinction between them, which has probably led to the misconception, is that tax payments are compulsory for

(Continued on page 32)

³ "Gross national product," another comprehensive indicator frequently employed in economic analysis, represents the sum of national income and depreciation charges. Such a series avoids the "netness" inconsistency of national income described in this paragraph.



EWING GALLOWAY

THE *Underlying* TREND

SUMMARY: The divergencies from the upward trend are numerous, reflecting the heavier pressure of war on civilian business. Production is higher in net, but already sharply reduced in consumers' lines. Trade inventories nevertheless have increased. While income gains continue, buying lags and the price rise has taken a breathing spell.

IN June and in the first part of July industrial production and national income again increased to exceed the highest previous records in the nation's history. Price indexes reveal that controls have been successful in checking, at least for the time being, the upward trend in wholesale and retail prices.

Reports of trade activity are rather less favorable than last month. Retail volume, which usually shrinks during the Summer season, has declined somewhat more than usual. Trade shows and preparations for Fall have failed to stir inventory-conscious retailers to extensive new commitments in the wholesale market.

Even in general terms the current trend thus reveals the pattern of contrasts and irregularities which is especially characteristic of this war economy. Compared with a year ago at this time, total production is up over 10 per cent but production for consumers has decreased by an even greater proportion. Treasury expenditures for war purposes, which reflect the progress of the war production drive, indicate the magnitude of the change-over; they amounted to \$4,123,000,000 this June, as against \$911,000,000 one year ago.

A decrease of 8 per cent in consumers' spending compared with the same month last year is countered by an increase of 22 per cent in income payments. Within the swelling total of employment are clearly divergent trends between factory employment (which in May was 10 per cent greater than a year ago) and

trade employment (which was 1 per cent less).

In retail trade as in industry there are marked contrasts in the showing of different lines of business. Sales of durable goods stores, for example, were reported 48 per cent under 1941 figures in May, while sales of non-durable goods stores were 8 per cent higher. Independent automotive dealers had a sales decline of 78 per cent, appliance dealers one of 52 per cent; dollar turnover in food stores, on the other hand, was up 13 per cent, in dry goods stores, 18 per cent, in restaurants, 19 per cent.

The spottiness of the regional pattern of change is also clearly evident, although the contrasts are perhaps somewhat less pronounced. For the Pacific Coast, the U. S. Department of Labor reports an increase of 19 per cent in the number employed in non-agricultural establishments compared with a year ago; for the Atlantic area the gain is less than half that amount.

Retail trade figures show that the West Central and Southern regions continue to benefit more from the expansion of incomes. Only eleven of the twenty-nine regions for which trade trends are measured individually by the DUN'S REVIEW barometers had a year-to-year increase in buying during June and of these ten were in the Southern and West Central areas. Eastern regions accounted for most of the substantial trade decreases below last year. Compared with the 10 per cent rise of sales in the Northwest, one Middle Atlantic region—Philadelphia—showed a drop of 17 per cent.

PRODUCTION

While total production expands, the curtailment of civilian lines ends non-essential and begins "concentration" of essential output.

The further expansion of manufacturing activity in June was based, as in past months, principally on the advances made in the durable goods industries, despite the severe curtailment of consumers' durables. In the preliminary FRB estimate of 177 for the seasonally adjusted index of production, the index for durable manufactures was reported to have increased from 237 in May to 243, while the average for the non-durable industries was unchanged at 138.

Production of machinery, transportation equipment, and non-ferrous metals continued to expand. Steel operations were off slightly in June but higher again in the early part of July. Among the non-durables, there was a mild decrease in textile mill activity, a less than seasonal decline in shoe production, and a slower than usual rise in seasonal apparel production.

By the end of June virtually all of the Government orders halting production of non-essential durable goods had become effective. The elimination of hundreds of household items and such luxury items as golf clubs and musical instruments affected, WPB estimated, some 28,000 plants employing approximately 1,500,000 workers.

On July 23, WPB announced that the policy of "concentration of production," which had been first applied on May 14 in the order limiting production of stoves, would now be followed in all orders curtailing essential civilian production. A percentage reduction in output of an industry will under this plan hit some manufacturers harder than others. Generally, curtailment will be graded in favor of small firms and of concerns in regions where labor, power, and transportation conditions are favorable.

INVENTORIES

Limits on civilian production find stocks still expanding, an increase of the stock-sales ratio being most pronounced at retail.

There is not yet any forthright evidence that the shift from peace to war production has diminished the total supply of consumers' goods in trade hands, or in fact prevented the further increase of supplies. In June, the FRB adjusted index of department store stocks, which has increased steadily since December, moved up at a faster rate to a new high of 132. A year earlier this stock index was only 77, while the sales index for department stores was 104, exactly the same as in June of this year.

Inventories in wholesalers' hands at the end of May decreased slightly for the second successive month (U. S. Bureau of Census). But inventories were still 12 per cent higher than last May, as against a sales increase of 7 per cent.

For ma
stocks reac
witnessing
year. The
Bureau of
was up 25
shipments

TRADE

Short
distrib
porta

That res
already sev
in spite of
dance of t
spotty sales
The ma
vidual reta
ous page.
equally var
enough, no
decreases b
tory; only
sales in M
smaller sto
Distribut

In
Federal R

January
February
March
April
May
June
July
August
September
October
November
December

January
February
March
April
May
June
July
August
September
October
November
December

Dun's Rev

January
February
March
April
May
June
July
August
September
October
November
December

Wholesale

January
February
March
April
May
June
July
August
September
October
November
December

For manufacturers the accumulation of stocks reached a new peak in May, the month witnessing the largest increase in holdings this year. The index of inventories of the U. S. Bureau of Foreign and Domestic Commerce was up 25 per cent over a year earlier, while shipments were 26 per cent higher.

TRADE
Shortages affect sales in several lines but distributors consider other factors more important in the current slackening of trade.

That restrictions in civilian production have already severely curtailed some lines of trade, in spite of the evidence of a continued abundance of total supplies, is borne out in the spotty sales reports of wholesalers and retailers. The marked irregularity in sales of individual retail lines was indicated on the previous page. Wholesalers' sales comparisons are equally varied, although there is, interestingly enough, no close correspondence between sales decreases below last year and reduced inventory; only one wholesale line reporting smaller sales in May than in May 1941 actually had smaller stocks to dispose of. Distributors dealing in a general line of

trade still are of the opinion that other factors are more significant than the reduction of supplies in explaining the current lag of sales. Price controls have dampened enthusiasm of both consumers and retailers for anticipating needs, while the fear of inventory controls has caused well-stocked retailers virtually to withdraw from the market.

The large commitments made earlier in the year, along with the recent tightening of installment credit, have also reduced spendable cash. The Credit Bureau of Greater New York reports, for example, that the average collection percentage in June was the largest on record, reflecting the efforts of charge account customers to meet bills before the July 10 deadline.

INCOME AND SAVINGS
While sales of war savings bonds have increased in July, these purchases alone do not absorb the increment of national income.

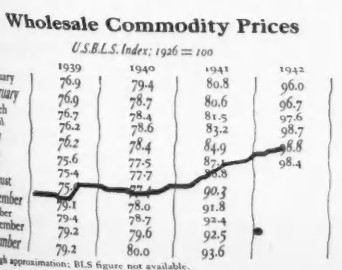
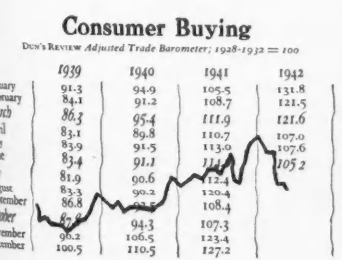
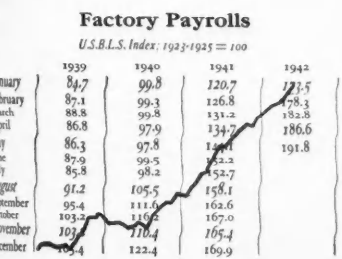
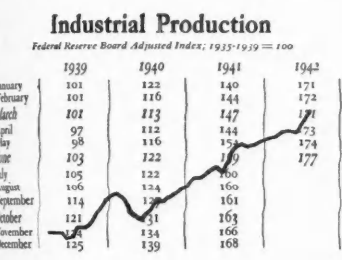
After the disappointing results for June, when sales of \$642,000,000 were well under the Treasury quota of \$800,000,000, buying of war savings bonds picked up strongly again in July. By July 18 sales had reached \$527,000,000

toward the month's quota of \$1,000,000,000. National income payments amounted to \$8,656,000,000 in May, advancing the adjusted index of income (U. S. Department of Commerce) to 162.7, the twenty-sixth successive monthly rise.

PRICES
The average of prices is slightly lower at wholesale and slightly higher at retail, while stock prices are firm to mildly upward.

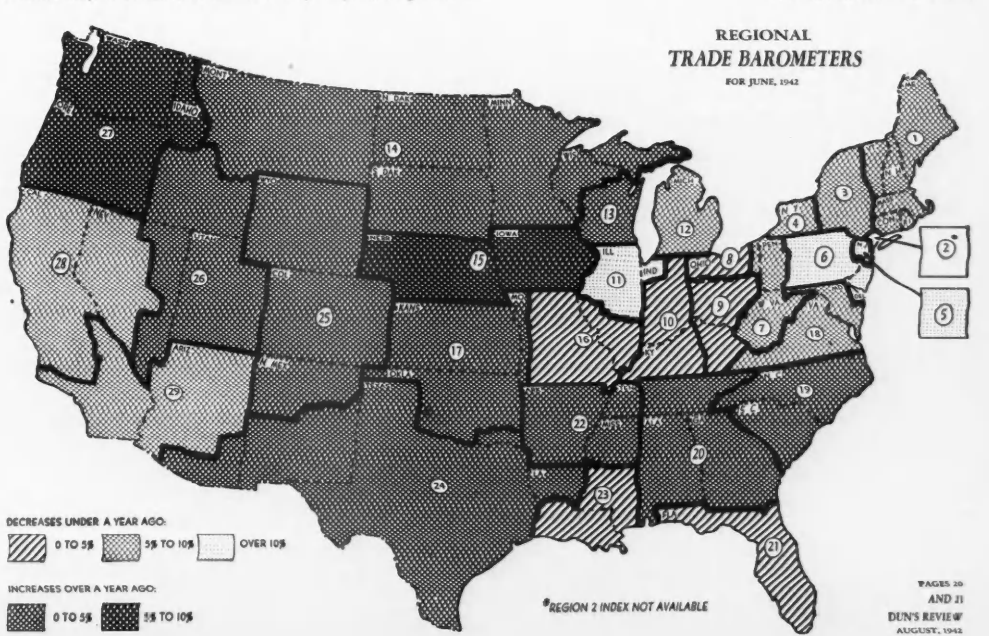
For the first time in nineteen months, income increases in May were not countered by higher living costs. A fractional drop in the index of living costs between May 15 and June 2 was followed, however, by a 0.4 per cent rise to June 15 (USBLS). Reflecting the let-up of demand pressure as well as the extension of Government controls, wholesale prices fell from the May peak of 98.8 on the USBLS all-commodity average to 98.4 in June.

A mild flurry of trading in early July failed to break the general apathy of buying on the Stock Exchange. Turnover averaged 318,000 shares daily from July 1 to 25. At 107 on July 25, the Dow-Jones industrial stock price average compared with 103 a month earlier.



U. S. AND REGIONAL TRADE BAROMETERS
Seasonally adjusted; 1928-1932=100; compiled for DUN'S REVIEW by Dr. L. D. H. Weldon

REGION	Change from June 1942		Change from May 1942		REGION	Change from June 1942		Change from May 1942	
	June 1942	Per Cent	June '41	Per Cent		June 1942	Per Cent	June '41	Per Cent
U. S.	105.2	- 7.7	107.6	- 2.2	15. Iowa and Nebraska	103.7	+ 8.4	97.7	+ 6.1
1. New England	89.8	- 6.6	90.8	- 1.1	16. St. Louis	107.8	- 4.3	121.1	- 11.0
2. New York City	+				17. Kansas City	112.9	+ 0.5	114.5*	- 1.4
3. Albany and Syracuse	103.8	- 8.8	105.4*	- 1.5	18. Maryland and Virginia	128.0	- 8.8	145.6	- 12.1
4. Buffalo and Rochester	92.7	- 6.0	95.3	- 2.7	19. North and South Carolina	160.9	+ 3.7	162.7	- 1.1
5. Northern New Jersey	87.0	- 11.4	94.7*	- 8.1	20. Atlanta and Birmingham	157.0	+ 2.5	158.6	- 1.0
6. Philadelphia	89.9	- 16.8	97.9*	- 8.2	21. Florida	164.0	- 2.8	159.7	+ 2.7
7. Pittsburgh	100.0	- 9.4	102.7	- 2.6	22. Memphis	139.3	+ 4.7	139.6*	- 0.2
8. Cleveland	123.2	- 1.9	119.5	+ 3.1	23. New Orleans	126.8	- 3.7	127.5*	- 0.5
9. Cincinnati and Columbus	122.7	- 3.4	119.5	+ 2.7	24. Texas	141.9	+ 0.1	148.0*	- 4.1
10. Indianapolis and Louisville	134.5	- 1.0	131.2*	+ 2.5	25. Denver	122.4	+ 3.0	122.0	+ 0.3
11. Chicago	98.6	- 11.6	99.9	- 1.3	26. Salt Lake City	118.7	+ 3.5	127.4	- 6.8
12. Detroit	122.1	- 6.2	114.9	+ 6.3	27. Portland and Seattle	140.4	+ 9.5	130.7*	+ 7.4
13. Milwaukee	122.4	+ 3.7	115.4	+ 6.1	28. San Francisco	115.4	- 5.4	112.1	+ 2.9
14. Minneapolis and St. Paul	110.3	+ 0.1	105.6	+ 4.5	29. Los Angeles	109.8	- 9.3	103.4*	+ 6.2



TRADE ACTIVITY—A REGIONAL SUMMARY

1. NEW ENGLAND REGION

JUNE, 89.8 MAY, 90.8 JUNE 1941, 96.1
UNADJUSTED: JUNE, 94.6; MAY, 96.2

JUNE—Barometer decline from last month and last year slightly less than country. Portland wholesale trade 12% above 1941, Boston off 13%, Springfield 8%. Crop conditions good. Largest farm income gains over 1941 in Maine. Providence industrial employment close to 1941, Boston-Springfield up 15 to 20%, New Haven 12%, Hartford 24%. Retail collections better than May.

JULY—Sales of general stores in country sections stimulated by gasoline rationing. New England department store sales 8% above 1941. Merrimack Valley, Mass., and Providence designated "distressed" areas by WPB.

2. NEW YORK CITY* REGION

JUNE—Retail trade activity remained below last year and again declined from the previous month. Drop in New York City factory employment and payrolls from May to June much larger than usual; employment declined 9%, payrolls 11%; gains over 1941 were 2% and 15% respectively. Retailers and wholesalers also decreased forces; retail payrolls 4% above 1941, wholesale even with last year. Retail collections improved sharply from May; collection percentage best in years.

JULY—New York City department store sales slightly above last year. Port and dock activity considerably less than 1941. Garment manufacturers expanding operations sharply to fill Fall orders; activity best since March. Sizable factory at North Tarrytown shut down for ten days. *Barometer not available.

3. ALBANY AND SYRACUSE REGION

JUNE, 103.8 MAY, 105.4* JUNE 1941, 113.8
UNADJUSTED: JUNE, 105.5; MAY, 108.5*

JUNE—Barometer drop from last year greater than country; small drop from May. Albany wholesale trade steady with last year, Syracuse up 16%. Pasture, crop conditions good. Factory payrolls up slightly in month, 33% above 1941 in Albany-Schenectady-Troy area, Binghamton-Endicott 21%, Utica 57%, Syracuse 14%, Kingston-Poughkeepsie 46%. Collections better than 1941.

JULY—Construction payrolls increase steadily; most large cities in area have large projects under way. Fruit crop prospects above normal. Gloversville leather glove output expanding. Milk, cheese output above 1941. *Revised.

4. BUFFALO AND ROCHESTER REGION

JUNE, 92.7 MAY, 95.3 JUNE 1941, 98.6
UNADJUSTED: JUNE, 93.5; MAY, 97.7

JUNE—Barometer decline from last year less than country, from last month slightly larger than country. Buffalo wholesale trade 5% above last year. April farm income 30% higher than 1941. Factory payrolls up slightly from May, 45% above 1941 in Buffalo, 25% in Rochester. Collections steady to better in month.

JULY—Buffalo department store sales 8% above last year, Rochester 4%. Considerable construction activity in Buffalo, Elmira. Canneries expanding operations seasonally, wages substantially higher than last year. Flour milling increased, greater than 1941.

5. NORTHERN NEW JERSEY REGION

JUNE, 87.0 MAY, 94.7* JUNE 1941, 98.2
UNADJUSTED: JUNE, 93.1; MAY, 92.9*

JUNE—Barometer declines from last year and last month much larger than country. Newark wholesale trade 15% less than 1941. Truck crops good. Industrial payrolls and employment little changed from May; employment 10 to 15% ahead of 1941 in Newark, Paterson, Elizabeth; closer to last year in Jersey City. Collections better than both last year and last month, especially at retail.

JULY—Newark department store sales 10% ahead of a year ago. Wage increase of 11% granted to 18,000 Paterson aircraft workers. Summer seashore resorts report business sharply curtailed from last year's level. *Revised.

6. PHILADELPHIA REGION

JUNE, 89.9 MAY, 97.9* JUNE 1941, 108.0
UNADJUSTED: JUNE, 96.2; MAY, 101.2*

JUNE—Barometer drop from last year largest in country; sharp decline from May. Philadelphia wholesale trade 5% below 1941. Crop prospects fair in New Jersey, good otherwise. Factory payrolls steady to higher in month, 20 to 25% above 1941 in Pennsylvania; much smaller gains in Reading-Lebanon area, Pottsville, Johnstown. Collections generally steady to better in month.

JULY—Philadelphia area department store sales 5% below last year. Hard coal miners continue working five-day week; Scranton payrolls 20 to 25% above 1941. Atlantic City trade benefiting from influx of Army personnel. *Revised.

7. PITTSBURGH REGION

JUNE, 100.0 MAY, 102.7 JUNE 1941, 110.4
UNADJUSTED: JUNE, 110.1; MAY, 111.3

JUNE—Barometer declines from last year and last month continue less favorable than country. Erie wholesale trade 5% below 1941, Pittsburgh off 15%, Charleston up 20%. Crop prospects good. Payrolls and production larger than last year; off in month in Erie due to refrigerator plant shutdown. West Virginia glass, chemical, lumber industry payrolls show wide gains over last year. Collections better than 1941.

JULY—Pittsburgh department store sales 11% below 1941; Pittsburgh bank clearings up 20%, Huntington 25%, Youngstown off 11%. Steel operations generally close to capacity, up to 86% in Wheeling from 83%.

8. CLEVELAND REGION

JUNE, 123.2 MAY, 119.5 JUNE 1941, 125.6
UNADJUSTED: JUNE, 122.0; MAY, 119.5

JUNE—Barometer decline from last year much less than country; good increase from May against decline for country. Cleveland wholesale trade 10% above 1941, Akron 19%, Toledo 10%. Crops, pasture good to excellent. Payrolls and production generally up in month, steady in Lima. Akron payrolls 35% above 1941, Cleveland, Canton 25%, Toledo 30%. Collections steady to better than May.

JULY—Cleveland and Toledo department store sales about even with 1941, Akron up 5%. Employment in Cleveland and Toledo rising as new facilities come into production. Steel rate advances moderately to 98%.

9. CINCINNATI AND COLUMBUS REGION

JUNE, 122.7 MAY, 119.5 JUNE 1941, 127.0
UNADJUSTED: JUNE, 123.9; MAY, 127.9

JUNE—Barometer gain from May and small drop from last year relatively more favorable than country declines. Cincinnati wholesale trade 5% above 1941, Columbus 15%. Grain yields above recent years but smaller than 1941; tobacco outlook satisfactory. Payrolls up from May; Cincinnati and Columbus total payrolls 35% above 1941, Dayton up 25%. Collections better than May.

JULY—Cincinnati department store sales 8% above 1941, Columbus 7%. Kentucky distilleries very active producing for military needs. Increasing output of essential products more than offsets decline in non-essentials.

10. INDIANAPOLIS AND LOUISVILLE REGION

JUNE, 134.5 MAY, 131.2* JUNE 1941, 135.8
UNADJUSTED: JUNE, 138.0; MAY, 138.7*

JUNE—Slight barometer decline from last year and rise from May much better than country. Indianapolis wholesale trade 5% above 1941, Louisville off 10%. Crop conditions generally good; wet weather detrimental in southern Indiana. Employment varies; Indianapolis, Fort Wayne well ahead of 1941; Terre Haute, Louisville close to 1941. Collections generally steady with 1941.

JULY—Indianapolis department store sales 6% above 1941, Louisville off 12%. Evansville, Lafayette, Kokomo payrolls depressed by "priorities" industries, frequently substantially smaller than last year. *Revised.

11. CHICAGO REGION

JUNE, 98.6 MAY, 99.9 JUNE 1941, 111.6
UNADJUSTED: JUNE, 102.3; MAY, 102.7

JUNE—Barometer drop from last year considerably larger than country; off slightly from May. Chicago wholesale trade 7% under 1941. Crops generally look good, less favorable in southern end of region where rain hindered work. Industrial payrolls little changed in month; 13% above 1941 in South Bend, 16% in Chicago area. Collections steady to better than 1941.

JULY—Large Peoria war industries working at capacity, employment 5 to 10% above 1941. Chicago department store sales 5% below 1941. La Porte, Hammond payrolls high above last year; smaller gains in Gary, Michigan City.

12. DETROIT REGION

JUNE, 122.1 MAY, 114.9 JUNE 1941, 130.2
UNADJUSTED: JUNE, 123.3; MAY, 124.1

JUNE—Sharp barometer gain from May against drop for country; decline from 1941 less than country. Detroit wholesale trade even with last year, Grand Rapids off 10%. Crop prospects generally good; fair in Saginaw area. Industrial payrolls continue to rise, moderately above 1941; employment up from May, still below last year. Collections steady to better than a year ago.

JULY—Detroit department store sales 4% above 1941. Industrial employment in Detroit area still expanding, again surpassing 1941 after recent decline due to conversion. Grand Rapids employment below 1941 during retooling.

THE MATERIAL IN THE PARAGRAPH SUMMARIES COVERS THE MONTH OF MAY AND FIRST THREE WEEKS OF JUNE.

THE BAROMETERS

The barometers are composite indexes compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; the years 1928-1932 equal 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; those on the second line are unadjusted. References in the paragraphs are to the adjusted indexes. A table of barometer figures and a map of relative changes in trade by regions are on page 22.

THE SUMMARIES

The estimates of trade changes and other reports in the paragraphs are based upon opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Department store sales are from the Federal Reserve Board; payroll and employment figures from State Labor Departments and the U. S. Bureau of Labor Statistics.

CITY LIST

In the narrow columns below, the check transaction figures are bank debits published by the Federal Reserve Board; the retail sales estimates are from local DUN & BRADSTREET offices.

The relative change in trade activity in various cities throughout the country in June 1942 as compared with June 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

1. NEW ENGLAND

Bangor	0 + 15
Boston	- 4 + 6
Brockton	+ 12
Burlington	- 7
Fall River	+ 17
Hartford	+ 10 + 39
Holyoke	+ 11
Lowell	+ 15
Lynn	+ 12
Manchester	+ 8 + 7
New Bedford	+ 7 + 15
New Haven	+ 4 + 14
Portland	+ 15 + 82
Providence	+ 3 + 24
Springfield	- 5 + 30
Worcester	+ 26
Worcester	+ 3 + 12

2. NEW YORK CITY

Bridgeport	+ 7
New York City	+ 4* + 1
Stamford	0

*Department stores only.

3. ALBANY AND SYRACUSE

Albany	- 2 + 15
Binghamton	0 + 3
Poughkeepsie	+ 3
Syracuse	+ 2 + 2
Utica	- 3 + 16

4. BUFFALO AND ROCHESTER

Buffalo	+ 8 + 15
Elmira	+ 15 + 30
Jamestown	+ 11
Rochester	- 5 + 8

5. NORTHERN NEW JERSEY

Jersey City	- 1
Montclair	+ 11
Newark	- 1 + 24
Passaic	+ 35

6. PHILADELPHIA

Allentown	+ 2 + 1
Allentown	- 4
Camden	+ 22
Chester	+ 58
Harrisburg	- 9 + 13
Hazleton	+ 2
Johnstown	+ 5
Lancaster	- 5 + 9
Lebanon	+ 10
Norristown	+ 8
Philadelphia	+ 5 - 8
Reading	+ 4 - 10
Scranton	0 - 4
Trenton	+ 3 + 1
Wilkes-Barre	+ 5 + 8

6. PHILADELPHIA

Williamsport	0 + 29
Wilmington	- 4 - 1
York	- 7 + 12

7. PITTSBURGH

Butler	+ 3
Charleston	- 9 + 15
Erie	- 4 + 21
Franklin	+ 12
Greensburg	+ 15
Homestead	+ 2
Huntington	- 3 + 21
Oil City	+ 14
Parkersburg	+ 10
Pittsburgh	- 14 + 13
Sharon	+ 13
Warren	- 23
Wheeling	- 3
Youngstown	0 + 9

8. CLEVELAND

Akron	+ 5 + 27
Canton	+ 29
Cleveland	+ 8 + 20
Hamilton	+ 13
Lima	+ 2 + 20
Lorain	- 2
Toledo	+ 3 + 14

9. CINCINNATI AND COLUMBUS

Cincinnati	+ 2 + 8
Columbus	0 + 7
Dayton	+ 17
Dubuque	+ 20
Fremont	+ 20
Lexington	+ 36
Madison	+ 15 + 21
Springfield	+ 15 + 21
Stuebenville	- 1
Zanesville	+ 21

10. INDIANAPOLIS AND LOUISVILLE

Evansville	- 3 + 30
Fort Wayne	+ 5 + 25
Indianapolis	+ 9 + 25
Louisville	0 + 7
Owensboro	+ 28
Terre Haute	+ 7

11. CHICAGO

Aurora	+ 10
Bloomington	- 3
Champaign-Urbana	+ 1
Chicago	- 3 + 14
Danville	+ 7
Decatur	+ 15
Elgin	+ 7
Gary	+ 7
Hammond	+ 11
Moline	+ 7
Peoria	+ 10 + 1
Rockford	+ 4 + 24
South Bend	- 7 + 1
Springfield	0 + 16

U. S. TR

107, 6, Ju

The re

through

June 194

changes a

transactio

12. DETR

Adrian

Battle Cro

Bay City

Detroit

Flint

Grand Ra

Jackson

Kalamazo

Milwauke

Lansing

Saginaw

13. MILWAUKEE

Green Ba

Madison

Manitowis

Milwaukee

Oshkosh

Sheboygan

14. MINNAPOLIS AND ST. LOUIS

Aberdeen

Billings

Butte

Dickinson

Duluth

Eau Claire

Fargo

Grand For

Great Fall

Helena

Inwood

Jamestown

La Crosse

Mankato

Marquette

Minneapolis

Minot

Red Wing

Rochester

St. Cloud

St. Paul

Sault Ste.

Sioux Fall

St. Pa

Superior

Winona

15. IOWA

NEBRASKA

Burlington

Cedar Rap

Clinton

Davenport

Des Moines

Dubuque

Fremont

Lincoln

Mason City

Muscatine

Omaha

Sioux City

Waterloo

16. ST. LOUIS

East St. Lo

Quincy

St. Louis

Sedalia

Springfield

17. KANSAS

Atchison

Bartlesville

Emporia

End

Guthrie

Hutchinson

Independen

Joplin

Kansas Cit

Lawrence

Muskogee

Oklahoma

U. S. TRADE BAROMETER: ADJUSTED: JUNE 105.2, MAY 107.6, JUNE 1941 114.0; UNADJ., JUNE 107.7, MAY 111.6

The relative change in trade activity in various cities throughout the country in June 1942 as compared with June 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

12. DETROIT	
Adrian	+15
Battle Creek	+17
Bay City	+23
Detroit	+7 + 8
Flint	+1
Grand Rapids	-12 + 9
Jackson	+19
Kalamazoo	+12
Lansing	+25
Saginaw	+2 - 5

13. MILWAUKEE	
Green Bay	+8 +12
Madison	+20
Manitowish	+25
Milwaukee	+3 +25
Oshkosh	+8
Sheboygan	+32

14. MINNEAPOLIS AND ST. PAUL	
Aberdeen	+18
Billings	-4 - 4
Bismarck	+25
Butte	-8 + 4
Dickinson	+33
Duluth	-5 - 1
Eau Claire	-2
Fargo	-13 + 1
Grand Forks	+3
Great Falls	-10 + 1
Helena	+7
Ironwood	+11
Jamestown	-7
La Crosse	-5 + 1
Mankato	+2
Marquette	+8
Minneapolis	+25 +15
Minot	-2
Red Wing	+3
Rochester	0
St. Cloud	+14
St. Paul	-3 +11
Sault Ste. Marie	+30
Sioux Falls	+13 +40
So. St. Paul	+49
Superior	+24
Winona	+20

15. NORTH AND SOUTH CAROLINA	
Asheville	-25 +13
Charlotte	+12 +16
Charlotte	+4 +24
Columbia	-10 + 8
Durham	-63
Greensboro	+2 +10
Greenville	+23
Raleigh	-5 -23
Spartanburg	+20
Wilmington	+15 +39
Winston-Salem	0 +11

20. ATLANTA AND BIRMINGHAM	
Albany	+8
Atlanta	+3 + 6
Augusta	+20 +17
Birmingham	+5 +19
Brunswick	+65
Chattanooga	+9 +17
Columbus	-5 +37
Dothan	+46
Elberton	0
Knoxville	0 + 8
Macon	+2 +45
Mobile	+15 +56
Montgomery	+6 +27
Nashville	+5 +32
Newnan	+25
Savannah	+4 +31
Valdosta	+6

16. ST. LOUIS REGION	
Burlington	-7
Cedar Rapids	-13 +13
Clinton	+17
Davenport	-5 + 6
Des Moines	+7 +19
Dubuque	+5 + 5
Fremont	+23
Lincoln	+3 +25
Mason City	+2
Muscatine	+12
Omaha	+43
Sioux City	+5 +53
Waterloo	-10 +24

17. KANSAS CITY	
Atchison	+10
Barleesville	0
Emporia	+17
Galva	0
Guthrie	-2
Hutchinson	+26
Independence	+4
Joplin	+68
Kansas City	+10 +12
Lawrence	0
Muskogee	+133
Oklahoma City	-8 +11

18. MARYLAND AND VIRGINIA	
Baltimore	+10 + 7
Bristol	0
Cumberland	-5
Danville	+18
Hagerstown	+22
Lynchburg	+12
Newport News	+19
Norfolk	+18 +46
Portsmouth	+71
Richmond	-5 +21
Roanoke	-13 - 2
Washington	+11 +17

19. NORTH AND SOUTH CAROLINA	
Asheville	-25 +13
Charlotte	+12 +16
Charlotte	+4 +24
Columbia	-10 + 8
Durham	-63
Greensboro	+2 +10
Greenville	+23
Raleigh	-5 -23
Spartanburg	+20
Wilmington	+15 +39
Winston-Salem	0 +11

21. FLORIDA	
Jacksonville	-12 +14
Miami	-15 + 8
Pensacola	+43
Tampa	+12 +24

22. MEMPHIS	
El Dorado	+18
Fort Smith	+14 +34
Greenville	+5
Helena	+3
Little Rock	+8 +24
Memphis	+10 - 1
Pine Bluff	+155
Texarkana	+320

23. NEW ORLEANS	
Hattiesburg	+20
Jackson	-4 +18
Meridian	0
New Orleans	+10 +12
Vicksburg	+12

24. TEXAS	
Abilene	-1
Amarillo	0
Austin	+8 +29

BAROMETERS FOR TWENTY-NINE REGIONS

13. MILWAUKEE REGION

JUNE, 122.4 MAY, 115.4 JUNE 1941, 118.0

UNADJUSTED: JUNE, 125.1; MAY, 121.7

JUNE—Good barometer gains over last month and last year contrast with declines for country. Milwaukee wholesale trade 2% above 1941. Crop prospects, pasture generally good. Production of milk, eggs, and most crops above recent years; April farm income 45% above 1941. Industrial payrolls up in month, 25 to 30% over 1941. Collections improved from May.

JULY—Milwaukee department store sales 8% above 1941. Paper mills curtailing output. Payrolls in Jonesville, Kenosha, Two Rivers continue close to or below 1941. Large construction project aiding Madison trade.

14. MINNEAPOLIS AND ST. PAUL REGION

JUNE, 110.3 MAY, 105.6 JUNE 1941, 110.2

UNADJUSTED: JUNE, 118.5; MAY, 109.9

JUNE—Barometer steady with last year compared with drop for country. Duluth wholesale trade 10% below 1941, Minneapolis off 15%, Great Falls 8%. Cold wet weather hampered retail sales activity in many sections. Crop conditions generally good to excellent. Payrolls and production larger than 1941, frequently up in month. Collections steady to better than May.

JULY—St. Paul retail volume moderately below 1941. Duluth industry, iron mines in northern Minnesota exceptionally busy. Many families have left small towns with no war work. Great Falls employment increased substantially from previous month.

15. IOWA AND NEBRASKA REGION

JUNE, 103.7 MAY, 97.7 JUNE 1941, 95.7

UNADJUSTED: JUNE, 102.5; MAY, 100.9

JUNE—Barometer continues well above 1941 compared with drop for country; good advance from May. Sioux City wholesale trade 5% below 1941, Des Moines off 3%. Crop prospects good to excellent. Farm buying power largest since 1919. Record Spring pig crop. Industrial employment up slightly from May, 4% above 1941 in Iowa. Collections improved over May and last year.

JULY—Nebraska department store sales 18% larger than 1941. Employment in Des Moines, Omaha, expanding, much higher than 1941. Lincoln trade continues to benefit from construction at Lincoln and Wahoo.

16. ST. LOUIS REGION

JUNE, 107.8 MAY, 121.1 JUNE 1941, 112.6

UNADJUSTED: JUNE, 110.8; MAY, 126.7

JUNE—Sharp barometer drop from last month carried index below 1941. Springfield wholesale trade 12% above 1941. Worst flood in 60 years caused widespread crop destruction along Missouri and Mississippi River valleys, interrupted business activity. Payrolls and production well above last year, little changed from May. Collections steady to better than last month.

JULY—St. Louis department store sales 4% above 1941; industrial employment moderately larger than last year; steel mill operations steady with June at 108% of capacity. Leading Quincy manufacturers very busy on war work.

17. KANSAS CITY REGION

JUNE, 112.9 MAY, 114.5* JUNE 1941, 112.3

UNADJUSTED: JUNE, 106.1; MAY, 113.0*

JUNE—Barometer holds just above last year; no drop below 1941 in any month this year. Kansas City wholesale trade 20% above 1941, Oklahoma City even with last year. Crop conditions vary, less favorable in Oklahoma, particularly southeastern section where outlook is poor. Payrolls and production well above 1941; generally up in month. Collections steady to improved from May.

JULY—Kansas City department store sales 5% above 1941, Wichita 24%, St. Joseph 3%, Oklahoma City 3%, Tulsa 17%. Topeka benefiting from increased subcontracting. Oklahoma oil output 10% below 1941, Kansas City 15%. Flour mills less active than 1941. *Revised.

18. MARYLAND AND VIRGINIA REGION

JUNE, 128.0 MAY, 145.6 JUNE 1941, 140.4

UNADJUSTED: JUNE, 128.4; MAY, 148.2

JUNE—Barometer decline from May and last year greater than country. Baltimore wholesale trade 18% above 1941. Norfolk 25%, Richmond off 3%. Crops and pastures fair to poor in coastal sections, otherwise good. Industrial payrolls much larger than 1941; up 45% in Maryland. Retail collections better than May.

JULY—Baltimore department store sales 15% above 1941. Roanoke payrolls close to last year's levels due to railroad shops curtailment. Lynchburg workers leaving for jobs in Norfolk, Newport News. Richmond industries close to capacity, employment close to 1941.

19. NORTH AND SOUTH CAROLINA REGION

JUNE, 160.9 MAY, 162.7 JUNE 1941, 155.1

UNADJUSTED: JUNE, 148.8; MAY, 158.5

JUNE—Barometer has shown gain over 1941 every month this year. Wilmington wholesale trade 12% above 1941, Charleston 15%, Winston-Salem even. Crop conditions good in North, fair in South Carolina. Potato, tobacco, peanut, some fruit crops better than last year; peaches below 1941. Payrolls and employment larger than 1941, steady with May. Collections steady to better than May.

JULY—Charleston bank clearings 10% above last year, housing and labor supply tight. Tourist business dropped sharply below a year ago. New textile plant opened in Gastonia, N. C. Cotton crop outlook good.

20. ATLANTA AND BIRMINGHAM REGION

JUNE, 157.0 MAY, 158.6 JUNE 1941, 153.2

UNADJUSTED: JUNE, 147.9; MAY, 164.0

JUNE—Barometer continues to register increase over last year. Birmingham wholesale trade 6% above 1941, Nashville 5%. Crop outlook fair. Peanut, tobacco, sweet potato, peach crops larger than most recent years, smaller than 1941. Farm income and industrial payroll gains over last year much larger in Alabama than Georgia or Tennessee. Collections steady to better than May.

JULY—Atlanta department store sales 6% above 1941, Birmingham 15%, Nashville 7%. Cotton crop promising. Huntsville, Mobile, Birmingham, Ala., Savannah, Brunswick, Ga., benefiting from war work.

21. FLORIDA REGION

JUNE, 164.0 MAY, 159.7* JUNE 1941, 168.8

UNADJUSTED: JUNE, 135.5; MAY, 155.4*

JUNE—Barometer continues month-by-month expansion; decline from 1941 less than country. Jacksonville wholesale trade 15% below 1941, Tampa up 11%. Crop prospects generally fair, good in western half of region north of St. Petersburg. Industrial payrolls steady with May, 25 to 30% above 1941. Collections steady with 1941.

JULY—Miami department store sales close to last year. Influx of military personnel in Miami has partially counteracted curtailed tourist traffic and exodus to war centers. St. Petersburg hotel taken by Army. *Revised.

22. MEMPHIS REGION

JUNE, 139.3 MAY, 139.6* JUNE 1941, 133.0

UNADJUSTED: JUNE, 125.9; MAY, 141.3*

JUNE—Barometer has steadily gained over 1941 this year contrasting with recent declines for country. Memphis wholesale trade 10% above 1941. Crop outlook generally fair. Peanut yield larger than 1941, corn smaller. Bean crop short, other vegetables plentiful. Payrolls and production well above last year, little changed from May. Collections better than 1941.

JULY—Memphis department store sales 17% above 1941. Cotton crop outlook favorable in most sections although late cotton deteriorated under hot dry weather. Oil output dropped slightly below last year. *Revised.

23. NEW ORLEANS REGION

JUNE, 126.8 MAY, 127.5* JUNE 1941, 131.7

UNADJUSTED: JUNE, 119.3; MAY, 124.8*

JUNE—Barometer decline from last year again less than country. New Orleans wholesale trade 15% above 1941. Recent farm income gains over 1941 among largest in country. Crop condition generally fair to good. Industrial payrolls steady to up from May, 45% above 1941 in Mississippi, 75% in Louisiana. Collections steady with 1941.

JULY—Enlargement and new construction of cantonments and other war projects throughout area stimulating business. Influx of workers fast absorbing housing facilities in New Orleans, where employment is about 50% larger than 1941. Oil output increasing, 8% below 1941. *Revised.

24. TEXAS REGION

JUNE, 141.9 MAY, 148.0* JUNE 1941, 141.8

UNADJUSTED: JUNE, 134.8; MAY, 146.2*

JUNE—Barometer steady with 1941 against decline for country; sizable decrease from May. Houston wholesale trade even with 1941, Fort Worth up 10%, Shreveport 5%, San Antonio off 11%. Crop prospects fair to poor in most of Texas, especially eastern half. Industrial payrolls up from May; less than 15% above 1941 in Houston, Austin, Dallas, Wichita Falls. Collections better than May.

JULY—Dallas department store sales 2% above 1941, Fort Worth up 9%, Houston off 2%. Range conditions fair to poor except in east. Oil output 7% below 1941. Influx of workers to McGregor, Waco benefiting trade. *Revised.

BAROMETERS FOR TWENTY-NINE REGIONS

25. DENVER REGION

JUNE, 122.4 MAY, 122.0 JUNE 1941, 118.8

UNADJUSTED: JUNE, 123.0; MAY, 120.7

JUNE—Barometer continues to gain over last year and last month, contrasting with declines for country. Denver wholesale trade 10% below 1941. Crop and range prospects good to excellent in Colorado, Wyoming; rain needed in New Mexico. Recent farm income gains over 1941 below country average. Payrolls and production steady to above 1941. Collections steady with 1941.

JULY—Denver department store sales 12% above 1941. In small country towns unaffected by war activity trade is relatively slow. Denver benefiting from construction projects; employment 50% greater than 1941.

26. SALT LAKE CITY REGION

JUNE, 118.7 MAY, 127.4 JUNE 1941, 114.7

UNADJUSTED: JUNE, 117.4; MAY, 131.0

JUNE—Barometer continues to gain over 1941 while country declines; sharp decrease from May. Salt Lake City wholesale trade 5% below 1941, Boise up 15%. Crop prospects fair in Nevada and northern Utah, good otherwise. Recent farm income gains over 1941 larger in Idaho than Utah. Payrolls and production ahead of 1941, steady with May. Retail collections improved from May.

JULY—Salt Lake City department store sales 25% higher than 1941. Mining continues at a very good rate. Range conditions only fair in southern section. Sugar beet crop much larger than 1941.

27. PORTLAND AND SEATTLE REGION

JUNE, 140.4 MAY, 130.7* JUNE 1941, 128.2

UNADJUSTED: JUNE, 138.4; MAY, 133.2*

JUNE—Wide barometer gains over last year and last month contrast with declines for country. Seattle wholesale trade 15% above 1941, Portland 10%. Wheat, potato crops smaller than last year; most fruit crops larger. April

farm income 50% above 1941. Industrial payrolls in Washington nearly double 1941; employment steady to up from May. Collections better than 1941.

JULY—Seattle department store sales 25% above 1941. Lumber mills continue operations close to capacity against large order backlogs. Industrial employment continues to rise in principal cities. *Revised.

28. SAN FRANCISCO REGION

JUNE, 115.4 MAY, 112.1 JUNE 1941, 122.0

UNADJUSTED: JUNE, 111.7; MAY, 109.1

JUNE—Barometer continues month-by-month expansion; decline from 1941 less than country. San Francisco wholesale trade 20% above 1941. Crop prospects good to excellent. Wheat, flax, cotton, fruit crops generally larger than 1941. Payrolls and production steady to up in month; employment more than 50% ahead of 1941 in San Francisco area. Collections steady with 1941.

JULY—San Francisco department store sales 10% above 1941. Fruit packing, canning activity slowed by uncertainty over price regulations. Fresno industrial activity below 1941. San Francisco employment increasing.

29. LOS ANGELES REGION

JUNE, 109.8 MAY, 103.4* JUNE 1941, 121.1

UNADJUSTED: JUNE, 106.1; MAY, 103.3*

JUNE—Sharp barometer gain over May but comparison with 1941 continues less favorable than country. Los Angeles wholesale trade 25% above 1941. Crop conditions generally good. Ranges fair to poor, need rain; cattle holding up well. Payrolls and production up from May; employment in Los Angeles area about 40% larger than 1941. Collections better than in May.

JULY—Los Angeles department store sales close to 1941 levels. Wage increase of 50c. daily affects 8,000 miners in Arizona. Flagstaff population greatly increased, trade much stimulated. *Revised.

U. S. TRADE BAROMETER: ADJUSTED: JUNE 105.2, MAY 107.6, JUNE 1941 114.0; UNADJ., JUNE 107.7, MAY 111.6

The relative change in trade activity in various cities throughout the country in June 1942 as compared with June 1941 is reflected by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

24. TEXAS

Beaumont	+21
Corsicana	+8
Dallas	+18
El Paso	0 +27
Fort Worth	+12 +34
Galveston	+9
Houston	0 +14
Lubbock	+10
Port Arthur	+59
Roswell	+66
San Antonio	+8 +15
Shreveport	+10 +19
Texarkana	+57
Tucson	+48
Tyler	+4
Waco	+6 +48
Wichita Falls	+17 +2

27. PORTLAND AND SEATTLE

Bellingham	+19
Eugene	+17
Everett	+42
Portland	+15 +37
Salem	+17
Seattle	+12 +46
Spokane	+10 +24
Tacoma	+10 +51
Walla Walla	+27
Yakima	+13

28. SAN FRANCISCO

Bakersfield	+1
Berkeley	+16
Fresno	-6 -3
Oakland	+10 +58
Reno	+25
Sacramento	-5 -19
San Francisco	+5 +15
San Jose	+4
Santa Rosa	0
Stockton	+14

29. LOS ANGELES

Long Beach	+37
Los Angeles	+1 +1
Pasadena	-9
Phoenix	+8 +31
Riverside	-8
San Bernardino	-2
San Diego	+18 +97
Santa Barbara	-12

25. DENVER

Albuquerque	+5 +19
Casper	+9
Cheyenne	-3
Colorado Springs	+140
Denver	+3 +21
Grand Junction	+13
Pueblo	+26

26. SALT LAKE CITY

Boise	+10 +24
Ogden	+36
Salt Lake City	+15 +19

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

The Wholesale Food Price Index is the sum of the wholesale price per pound of 31 commodities in general use. The Daily Wholesale Price Index is prepared from the prices of 30 basic commodities. There is available upon request information (methods, back figures, obtaining data before publication, and so on) about any of the data.

Bank Clearings 24 United States Cities

(Millions of dollars)

	1942	1941	1940
January	31,656	26,296	24,270
February	26,163	22,814	20,758
March	30,269	27,759	23,808
April	28,812	27,260	23,719
May	29,684	27,748	24,494
June	31,397	28,241	21,963
July	28,652	23,072	
August	27,301	21,181	
September	27,493	21,219	
October	32,489	25,447	
November	28,622	25,377	
December	34,090	28,010	
Total	338,765	283,320	

	1942	1941	1940
January	1,217.6	1,011.4	933.5
February	1,189.2	1,037.0	902.5
March	1,164.2	1,067.7	915.7
April	1,108.1	1,048.5	912.3
May	1,107.3	1,067.2	942.1
June	1,207.6	1,129.6	878.5
July	1,102.0	887.4	
August	1,050.0	784.5	
September	1,099.7	884.1	
October	1,249.6	978.7	
November	1,301.0	1,103.4	
December	1,311.1	1,120.4	
Total	1,122.9	936.9	

Building Permit Values—215 Cities

GEOGRAPHICAL DIVISIONS:	June 1942	June 1941	Per Cent Change	May 1942	Per Cent Change
New England	\$5,135,283	\$8,568,628	-40.1	\$4,204,196	+22.1
Middle Atlantic	8,322,320	29,038,949	-71.3	14,582,829	-42.9
South Atlantic	8,807,210	16,419,500	-46.4	5,933,700	+48.4
East Central	15,413,135	32,195,752	-52.1	19,083,890	-19.2
South Central	8,174,928	13,549,857	-39.7	11,542,272	-29.2
West Central	3,481,821	7,906,184	-56.0	5,928,460	-41.3
Mountain	1,139,575	3,503,843	-67.5	7,309,308	-84.4
Pacific	8,696,858	24,636,373	-64.7	10,797,560	-19.5
Total U. S.	\$59,171,130	\$135,819,086	-56.4	\$79,382,215	-25.5
New York City	\$4,519,668	\$15,896,700	-71.6	\$7,593,575	-40.5
Outside N. Y. C.	\$54,651,462	\$119,922,386	-54.4	\$71,788,640	-23.9

Bank Clearings for Individual Cities

(Thousands of dollars)

	June 1942	June 1941	Per Cent Change	May 1942	Per Cent Change
Boston	1,311,266	1,195,461	+9.7	1,315,016	-0.3
Philadelphia	2,399,000	2,163,000	+10.9	2,370,000	+1.2
Buffalo	237,315	194,957	+21.7	217,202	+9.3
Pittsburgh	969,224	782,665	+23.8	876,171	+10.6
Cleveland	816,346	636,419	+28.3	764,917	+6.7
Cincinnati	402,857	338,561	+19.0	375,555	+7.3
Baltimore	533,092	500,562	+6.5	479,244	+11.2
Richmond	260,026	217,501	+19.6	233,451	+11.4
Atlanta	408,600	346,634	+17.9	441,500	-7.5
New Orleans	477,929	215,907	+28.7	253,158	+9.8
Chicago	1,768,945	1,719,657	+2.9	1,834,002	-3.5
Detroit	1,085,623	765,435	+41.8	998,463	+8.7
St. Louis	608,802	536,303	+13.5	583,339	+4.4
Louisville	242,864	215,142	+12.9	229,275	+5.9
Minneapolis	430,397	373,736	+15.2	403,583	+6.6
Kansas City	632,008	497,821	+27.0	605,145	+4.4
Omaha	217,253	154,626	+40.5	195,969	+10.9
Denver	177,680	147,498	+20.5	169,025	+5.1
Dallas	334,248	288,747	+15.8	322,114	+3.8
Houston	304,482	255,882	+19.0	291,690	+4.4
San Francisco	907,840	771,674	+17.6	834,405	+8.8
Portland, Ore.	280,950	204,775	+37.2	244,431	+14.9
Seattle	325,638	235,194	+38.5	294,625	+10.9
Total 23 Cities	14,932,385	12,758,247	+17.0	14,332,280	+4.2
New York	16,464,655	15,482,889	+6.3	15,351,353	+7.3
Total 24 Cities	31,397,040	28,241,136	+11.2	29,683,633	+5.8

Wholesale Food Price Index

	1942	1941	1940
July 28	\$3.72	\$3.16	\$2.22
July 21	3.71	3.16	2.23
July 14	3.69	3.09	16.23
July 7	3.68	3.09	9.224
June 30	3.68	3.06	2.224

	HIGH	LOW
1942	\$3.72	July 28
1941	\$3.43	Dec. 30
1940	\$2.49	Dec. 10

Daily Wholesale Price Index

+ Sunday. * Markets closed. 1930-1932 = 100

	1942	July	June	May	Apr.
1	156.16	155.38	157.14	157.24	
2	156.42	154.76	157.47	157.44	
3	156.68	154.36	157.47	157.44	
4	156.68	154.36	157.47	157.44	
5	156.68	154.36	157.47	157.44	
6	156.68	154.36	157.47	157.44	
7	156.68	154.36	157.47	157.44	
8	156.68	154.36	157.47	157.44	
9	156.68	154.36	157.47	157.44	
10	156.68	154.36	157.47	157.44	
11	156.68	154.36	157.47	157.44	
12	156.68	154.36	157.47	157.44	
13	156.68	154.36	157.47	157.44	
14	156.68	154.36	157.47	157.44	
15	156.68	154.36	157.47	157.44	
16	156.68	154.36	157.47	157.44	
17	156.68	154.36	157.47	157.44	
18	156.68	154.36	157.47	157.44	
19	156.68	154.36	157.47	157.44	
20	156.68	154.36	157.47	157.44	
21	156.68	154.36	157.47	157.44	
22	156.68	154.36	157.47	157.44	
23	156.68	154.36	157.47	157.44	
24	156.68	154.36	157.47	157.44	
25	156.68	154.36	157.47	157.44	
26	156.68	154.36	157.47	157.44	
27	156.68	154.36	157.47	157.44	
28	156.68	154.36	157.47	157.44	
29	156.68	154.36	157.47	157.44	
30	156.68	154.36	157.47	157.44	
31	156.68	154.36	157.47	157.44	

	HIGH	LOW
1942	158.34	May 9
1941	150.54	Dec. 12
1940	124.84	Dec. 31

FAILURE RATE REMAINS LOW

BUSINESS failures dropped 16 per cent in June, to 804 from a total of 955 in May. Liabilities increased; current debts to \$9,906,000 from \$9,839,000 in May, and total debts to \$12,189,000 from \$10,357,000.

The rate of failure, as measured by DUN's Insolvency Index, was down for the third consecutive month, following a short-lived upward movement during February and March. Failures occurred during June at the rate of 45.3 in every 10,000 concerns in business compared with 49.7 in May. This decline in rate exceeded the normal change between May and June by some 5 per cent, and the index when adjusted for seasonal variation dropped 2.5 points. The adjusted index at 46.2 indicated failures to be about 16 per cent lower than a year ago, when the adjusted index stood at 55.0.

Summary: A sharp break in the number of retail trade failures was responsible for the entire June decline. Through May of this year retail failures were relatively steady month after month, but in June dropped nearly 25 per cent. Manufacturing failures, on the other hand, showed no decline in June, remaining at the May level after substantial declines during April and May.

By size, the June decline was confined to small cases with debts under \$25,000. The smaller failures have followed a fairly normal downward course during the first six months of the year, while larger failures have tended to rise.

Failures were 16 per cent lower in the first six months of this year than in the like period of 1941, as the following table shows:

INDUSTRY GROUP	Jan.-June 1942	Jan.-June 1941	Per Cent Change
Manufacturing	903	1,069	-16
Wholesale Trade	438	610	-28
Retail Trade	3,600	4,389	-18
Construction	394	356	+11
Commercial Service	288	278	+4
Total	5,623	6,702	-16

Manufacturing: Manufacturing failures, numbering 135 in June, showed little change from the 134 in May, but were 19 per cent under the 166 reported in June, 1941, and for the first six months of this year were 16 per cent

lower than in the same period of 1941.

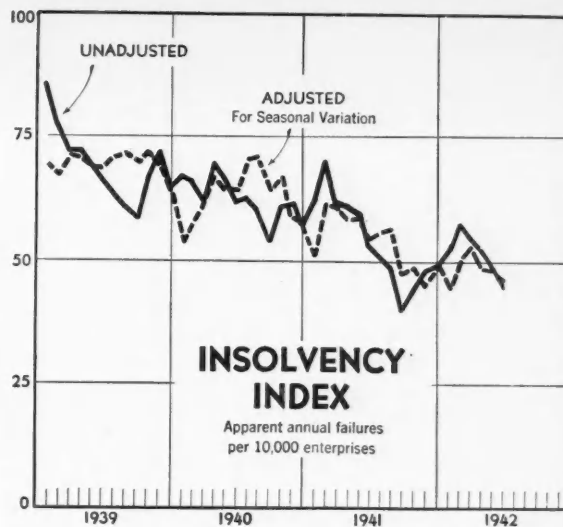
Particularly among manufacturers of clothing and of machinery were failures lower this year than last. In food products, furniture, and miscellaneous metal products, however, failures were almost as high as last year, while closings among printers and publishers have increased considerably. Very small and very large manufacturing failures have been less frequent than last year, but medium-sized concerns (debts between \$25,000 and \$100,000) have gone out in as great numbers as last year. There were 7 large failures in June, including makers of furniture, beer, and batteries.

Retail Trade: Sharp decreases in failures of food stores and clothing stores led the retail decline which extended through every important line except furniture and house-furnishings. Failures in these two lines have increased steadily since the beginning of the year and numbered 43 in June compared with 38 in May and 32 a year ago. The rise in automotive and drug store failures during the early months of the year was halted with a decrease in May, followed by a further fall in June.

Failures in clothing stores and general merchandise stores have been particularly low this year compared with the first six months of 1941. Restaurant failures were equal in the two periods, while drug store failures have been more numerous this year than last. Automotive failures were high in the first half of last year, so that in spite of recent increases the current six months' total of 307 was 7 per cent under the 330 in the same period of 1941.

Present conditions, which apparently have favored large manufacturing concerns, have had an adverse effect upon large retailers, according to the failure record which shows 16 large retail failures so far this year compared with only 9 for the first half of 1941. Six of the sixteen were large restaurants, three were clothing and dry goods stores; the others included grocery stores, and dealers in lumber, coal, drugs, books, and automobiles.

Canadian: Canadian failures returned to their April level after a slight rise in May. They numbered 46 compared with 53 in May and 72 a year ago. Liabilities increased to \$350,000 from \$277,000 in May, but were well under the \$682,000 in June 1941.



DUN'S INSOLVENCY INDEX*	June 1942	May 1942	June 1941	Per Cent Change
Unadjusted	45.3	49.7	53.9	-16
Adjusted, seasonally	46.2	48.7	55.0	-16
NUMBER OF FAILURES	804	955	970	-17
NUMBER BY SIZE OF DEBT				
Under \$5,000	436	544	589	-26
\$5,000-\$25,000	286	332	321	-11
\$25,000-\$100,000	65	65	49	+33
\$100,000 and over	17	14	11	+55
CURRENT LIABILITIES	\$9,906	\$9,839	\$9,449	+5
TOTAL LIABILITIES	\$12,189	\$10,357	\$10,183	+20

* Apparent annual failures per 10,000 enterprises.
More detailed figures appear in DUN'S STATISTICAL REVIEW.

FAILURES BY DIVISIONS OF INDUSTRY

	Number		Liabilities	
	June 1942	June 1941	June 1942	June 1941
MINING, MANUFACTURING	135	166	3,327	3,155
Mining—Coal, Oil, Miscellaneous	1	4	222	157
Food and Kindred Products	23	25	632	451
Textile Mill Products, Apparel	23	48	180	1,030
Lumber, Lumber Products	18	22	829	201
Paper, Printing, Publishing	18	19	403	251
Chemicals and Allied Products	4	8	118	82
Leather, Leather Products	6	6	63	188
Stone, Clay, Glass Products	7	4	124	16
Iron and Steel, and Products	5	5	99	88
Machinery	11	7	300	113
Transportation Equipment	2	3	78	328
Miscellaneous	17	15	279	250
WHOLESALE TRADE	68	98	1,209	1,618
Food and Farm Products	25	35	515	491
Apparel	2	6	11	32
Dry Goods	2	..	8	..
Lumber, Bldg. Mats., Hardware	11	8	157	528
Chemicals and Drugs	2	7	39	55
Motor Vehicles, Equipment	10	9	122	65
Miscellaneous	16	33	357	447
RETAIL TRADE	486	619	3,752	3,591
Food and Liquor	154	219	1,076	1,014
General Merchandise	19	28	131	159
Apparel and Accessories	34	78	351	368
Furniture, Home Furnishings	43	32	363	290
Lumber, Bldg. Mats., Hardware	30	41	249	235
Automotive Group	42	57	290	384
Eating and Drinking Places	87	79	801	656
Drug Stores	32	35	258	233
Miscellaneous	45	50	233	252
CONSTRUCTION	67	51	945	684
General Building Contractors	17	13	568	388
Building Sub-contractors	47	34	341	209
Other Contractors	3	4	36	87
COMMERCIAL SERVICE	48	36	673	401
Highway Transportation	10	5	170	81
Miscellaneous Public Services	..	1	..	5
Hotels	6	1	186	55
Cleaning, Dyeing, Repairing	3	6	14	78
Laundries	4	5	37	79
Undertakers	5	4	50	59
Other Personal Services	5	3	30	8
Business and Repair Services	15	11	186	36



We've Removed Costly Noise From 17,216 Offices

... Yet This is *Only Part* of Our Background of Experience ... Our Nation-wide Distributor Organization Can Bring Modern Sound-Conditioning To Any Building of Any Type or Size ... Satisfaction Guaranteed.

CELOTEX
SOUND CONDITIONING

In Canada: Dominion Sound Equipments, Ltd.
THE CELOTEX CORPORATION • CHICAGO



STORAGE BOXES



PROVIDE THE MOST ECONOMICAL RECORD PROTECTION YOU CAN BUY

Conditions today make it imperative that you preserve *all* your vital records ... and preserve them in such a way that you *know* that they are orderly and available at a moment's notice. Store *all* of them in Liberty Storage Boxes and you will be confident that they are well protected at a minimum expense.

You will see why Liberty Storage Boxes have maintained their superiority for 24 years when you examine the **FREE** sample we will send you.

FREE SAMPLE ANY SIZE

Attach this ad to your letterhead and mail today with 25¢ in stamps to cover shipping expense. State size wanted.

A SIZE FOR EVERY NEED

As much as 24 inches of filing space for as low as 80¢.

BANKERS BOX COMPANY

536 South Clark Street • Chicago, Ill.

NEW YORK CITY

(Continued from page 15)

forts to see that New York City plays its full part in the war production program.

One case where this information was useful was in bringing the Waterman Fountain Pen Company to New York. This company had taken advantage of an opportunity to sell its factory in New Jersey and was looking for a location in New Jersey or preferably New York City where their sales office was located. Several problems, particularly the tax problem, had been raised with regard to moving to New York, and these questions inclined the officials to favor New Jersey. However, the treasurer decided that he would first call on the New York City Department of Commerce to see whether the problems they envisioned in New York City were perhaps more imaginary than real. In a half hour's friendly talk we were able to answer all his questions and the company moved to New York City. The important point in this case was that at one place, the Department of Commerce, he was able to get the answers to questions involving the Tax Department, the Building Department, and several others, and the answers were "official."

Since the expansion of the defense program, and, after Pearl Harbor, the war program, the Department of Commerce and the Mayor's Committee have devoted practically all of their time and efforts to the war program.

The members of the Mayor's Business Advisory Committee were appointed members of the New York City Council of Defense and the secretary of the committee served as secretary of the Defense Council. In May 1942, the Defense Council was terminated by State law and succeeded by a War Council. Five members of the Mayor's Business Advisory Committee, including its chairman, are serving on the New York City War Council.

The rationing program was established in the city under the Department of Commerce and the rationing administrators were selected on the advice of members of the Mayor's Business Advisory Committee. The success with which the program was organized is evidenced by the fact that the Office of

Price Administration subsequently appointed the Acting Rationing Administrator for New York City as Rationing Administrator for the State of New York.

The New York City Salvage Committee was organized by the Department of Commerce.

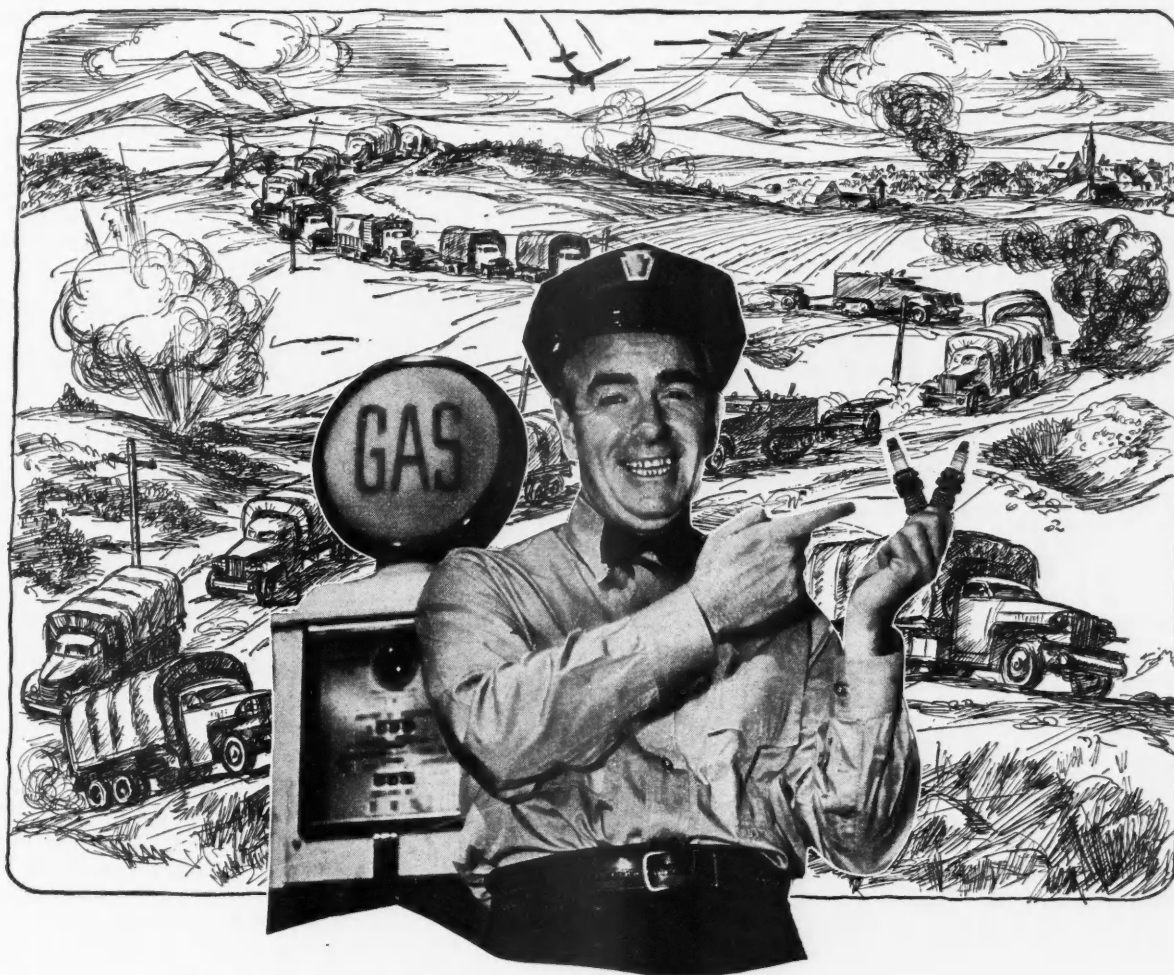
A program for staggering the arrival and departure hours of office workers in the city, in accordance with the recommendations of the Office of Defense Transportation, was put into effect by the Department of Commerce. Through the co-operation of the Mayor's Business Advisory Committee it was done on a voluntary basis. Over 2,000 firms with approximately 300,000 employees promptly changed their hours in accordance with the Department's program.

Perhaps of greater importance than any of these items, however, is the effort of the Mayor and the Department of Commerce to cope with New York City's great war problem.

New York's problem becomes evident when we consider the nature of its industry. The very heart of New York City's economic life is retail, wholesale, and international trade. About 700,000 people are engaged in the wholesale and retail trades alone. About 900,000 people are engaged in manufacture—mostly light, consumers' goods manufacturing. A third of these factory workers are in the needle trades industries and the next two largest manufacturing lines, in terms of employment, are food products, and printing and publishing.

War Hits Trade Hard

The war program has hit at the very heart of our trade. Foreign trade in consumers' goods is out. Consumer buying at home is discouraged in order to avoid inflation. Taxes are devised to absorb consumer buying power and one of the purposes of the War Savings Bonds and Stamps campaign is definitely stated to be to absorb money that would otherwise be spent on goods. Restrictions are placed on installment sales and charge accounts for the same purpose. All of these measures are necessary to the successful prosecution



The spark plugs Eddie doesn't sell will help smash the Axis

"You know how it is when a spark plug in your car stops firing? Seems to drain all the power from your engine. It's the same way in an airplane or tank. And for each plug in your engine a bomber has a dozen. By taking good care of my customers' plugs I not only save them gasoline and money, but I also save a lot of plugs for use on Schickelgruber."

When Uncle Sam stopped the manufacture of cars for general use, he did more than change the greatest automobile plants in the world into arsenals for tanks and planes. He also released the giant facilities of the spark plug manufacturers for the making of war materials. But in giving these firms new things to make and new alloys to make them of, he handed them new problems with every sheaf of blueprints.

In cooperation with the Revere Technical Advisory staff, leading spark plug manufacturers made the conversion smoothly with a minimum of headaches. For Revere not only supplies industry with sound copper alloys, produced with the help of the most exquisitely accurate instruments known to metallurgy, but also provides skilled assistance in the methods of processing and fabricating.

Copper is one of the most vital of all war materials. Every ounce goes directly into the essentials of modern warfare. Fortunately, Revere is well equipped, with modern plants, improved machines and advanced techniques, to supply a substantial part of our nation's mounting needs. And Revere research is continually exploring new frontiers in copper alloys to provide us all with stouter, keener, swifter tools for victory.



The Revere Technical Advisory Service functions in (1) developing new and better Revere materials to meet active or anticipated demands; (2) supplying specific and detailed knowledge of the properties of engineering and construction materials; (3) continuously observing developments of science and engineering for their utilization in production methods and equipment; (4) helping industrial executives make use of data thus developed. This service is available to you, free.

REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

EXECUTIVE OFFICES: 230 PARK AVENUE, NEW YORK

They shoot their fires with Gas Pistols

...and kill as many as four a day!



ELECTRIC MOTORS



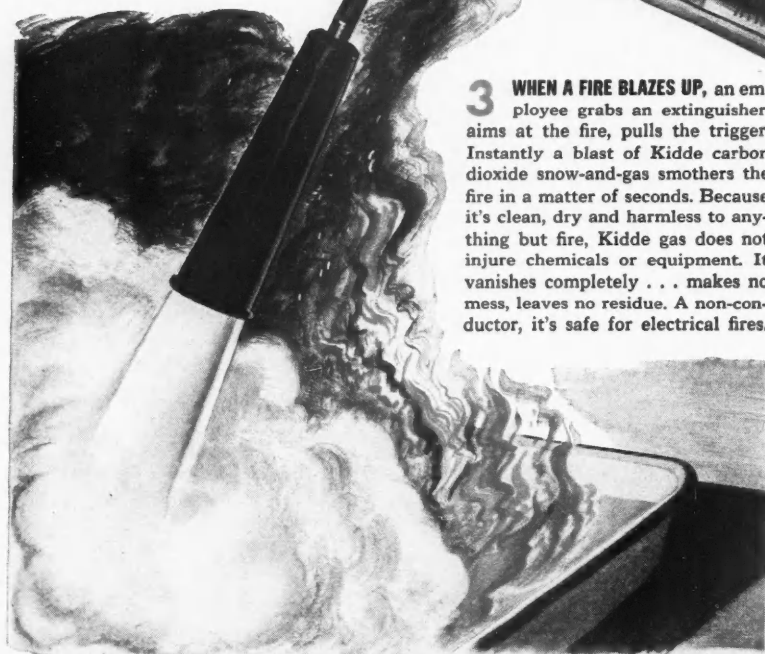
SHREDDED RUBBER



FLAMMABLE LIQUIDS

2 SLAPPING DOWN THESE FIRES

which appear in numerous, widely-separated spots, requires extinguishers that are portable . . . handy . . . deadly in their fire-killing power. Therefore, Kidde Pistol-Type Model 2 hand extinguishers are placed within easy reach throughout Company "L's" plant.



3 WHEN A FIRE BLAZES UP, an employee grabs an extinguisher, aims at the fire, pulls the trigger. Instantly a blast of Kidde carbon dioxide snow-and-gas smothers the fire in a matter of seconds. Because it's clean, dry and harmless to anything but fire, Kidde gas does not injure chemicals or equipment. It vanishes completely . . . makes no mess, leaves no residue. A non-conductor, it's safe for electrical fires.

HAVE you electrical equipment or flammable liquids in your plant? Guard these fire hazards with the speedy, flame-killing power of Kidde carbon dioxide—the gas that harms nothing but fire!

Kidde portable extinguishers

range from a two-pound, pistol-type unit to wheeled types containing 100 pounds of carbon dioxide. Built-in types may be manually or automatically operated; may protect a single spot or an entire process room. Write us for complete details.

Kidde



Walter Kidde & Company
Incorporated
843 West St., Bloomfield, N. J.

of the war. In addition to cutting down the demand for goods in this way, priorities are cutting off the raw materials necessary for their manufacture and rationing and price ceilings are making unnecessary the sales forces that normally would be required to dispose of the goods that are available. The possibilities in increased unemployment are serious to contemplate.

Nor can the potential unemployed find jobs in war industries. New York has received less than half the war orders that it should receive on the basis of its productive capacity. The reasons are several. We are a city of small factories. We do not have plants like the great Willow Run that can build thousands of tanks and planes. But given the opportunity we can build parts for these tanks and planes. Sub-contracting on a comprehensive scale is an absolute necessity if small factories in New York City are to play their part in the war program. This is having our constant attention.

In order to encourage prime contractors to sub-contract to New York City firms, the Department of Commerce, in September 1941, sponsored the Civilian and National Defense Exposition at the Grand Central Palace. The feature of the exposition was a National Defense Production Clinic conducted by the Office of Production Management with the co-operation of the Department of Commerce. The Office of Production Management estimated that as a result of the clinic a total of 2,661 favorable contacts were made between prime contractors and potential sub-contractors and 960 voluntary negotiations for sub-contracting were actually entered into. Here was a striking picture of democracy at work in an emergency.

The Pants Problem

Another difficulty has been the competitive bid system, although recently the negotiated contract method has been on the ascendancy. New York's supremacy in the clothing industry lies largely in styling and superior workmanship. But it takes neither style nor great skill to make uniform pants and when bids were taken on millions of pairs of army pants, firms in other areas that had never made wool pants before received much of this business by underbidding New York firms, often

THE FACTS ABOUT *Wood* AS AN ALTERNATE FOR STEEL

You may now acquire Remington Rand record keeping equipment in wood as well as steel. To a limited extent, you still have a *choice*—depending upon your position as a producer of war materiel.

But *choice*, today, means something more than stating a preference. If you use steel when an alternate material will serve just as well, you're cheating a fighting man. If you *refuse* alternate products merely because you *prefer* steel, you are neglecting your responsibility to maintain record efficiency today—*when you need it most*.

Here, then, are the facts about Remington Rand's new wood alternate record keeping equipment—facts which may help you to better understand that "efficiency as usual" need not be sacrificed while steel goes to war.

NO PRIORITY NEEDED

Visible Records

KARDEX ADMINISTRATOR
KOLECT-A-MATIC ADMINISTRATOR
KARDEX TABLE STAND
SPEEDAC RACK
BOOK UNITS & CABINET

Vertical Records

GUARDSMAN FILING CABINETS
STEEL-SAVER TRANSFER CASE
LEDGER TRAY AND BASE

Office Furniture

DESKS, CHAIRS, TABLES

THE FACTS

CORRECTLY USED, the word *alternate* means *equivalent* when applied to Remington Rand's Administrator line of visible records and Guardsman line of wood filing cabinets. These quality products are not *substitutes*—are built for *permanent* rather than duration use.

WHEREVER PRACTICABLE, Remington Rand's wood equipment has been

designed to match existing installations of steel units. Thus, your present equipment can be added to without effacing uniform appearance or performance.

KARDEX ADMINISTRATOR cabinets, and Kollect-A-Matic Administrator wood items, are available in a wide variety of sizes—can be adapted to conform to any requirement. As always, you can custom build for your exact needs with *standard* equipment. There are no changes in control features—nothing is changed but the steel.

GUARDSMAN WOOD FILING CABINETS are available in two, three, four, and five drawer heights, with substitute drawers to accommodate 6x4 or 5x3 cards. A special 18-tray Tabulating Card Cabinet, and a six-drawer unit to house 8x5 cards, are being furnished—all as stock items.

ACCEPT THIS FREE OFFER

We have prepared two colorful new catalogs, complete with prices, illustrating and describing the full Remington Rand line of wood record equipment. One covers Vertical filing equipment—the other, Visible. You may have either or both of these free buyer's manuals merely for the asking. Write today to Remington Rand, Buffalo, New York,—or drop in at your local Remington Rand branch office. You'll receive your copies promptly. No obligation, of course.

WOOD EQUIPMENT BUILT FOR *Permanent* USE



Designed to facilitate every factor in Punched-Card Accounting routine, this tabulating card cabinet will hold more than 70,000 cards complete with guides! Every "drawer" is a tabulating-wise individual tray.



War-important Kardex, now in use by 80% of all Navy "E" winners as a production control record, is available in wood without priority. Control features are unaltered—nothing's changed but the steel.



The Guardsman File recently passed a gruelling run of 300,000 effortless drawer actions by actual laboratory test! It's formed from wood and plastic with slide suspension reinforced on moving parts with steel.

REMINGTON RAND INC.

HAMMER'S MODERN SUCCESSOR



The HANSCO TACKER

FOR the first time in tack history!—here's a device that holds, dispenses and drives tacks—in one convenient, rapid, automatic operation. It's the Hansen One-Hand Automatic TACK Tacker.

Self-contained—automatic—holding a long strip of T-head Tacks and driving them as fast as you grip—the Hansen Tack-Tacker permits holding material with one hand and driving with other.

For fast, precision driving—on production work of all kinds requiring tacking or fastening—here's the latest, most efficient device imaginable! Drives T-head Tacks in four lengths—3/16", 1/4", 3/8" and 1/2". Investigate!

ask for FOLDER

A. L. HANSEN MFG. CO. 5019 RAVENSWOOD AVENUE CHICAGO, ILL.



There's No Substitute for Sales Calls

Your salesman should carry the July 1942 State Pocket Edition to keep informed of the shifts in buying power in communities in which he travels.

For order card listing State Editions, write or call the nearest office of DUN & BRADSTREET, Inc.

L.L. BROWN Bond Paper

Peresoteron mato dollareonoas!

"ANYTHING containing IRON or STEEL"

Industrial: Mining: Construction: Railway:

Plants Machinery and Equipment Scrap-Iron Surplus Obsolete Stocks

BUYERS • SELLERS • TRADERS

IRON & STEEL PRODUCTS, INC.

37 years' experience 13446 S. Brainard Ave., Chicago, (Hegewisch Sta.), Ill.

by only a few cents a pair. New York got only 3 per cent of the pants contracts, although we normally make 26 per cent of the men's clothes in the country.

With the help of the Mayor, the Department of Commerce discussed the problem in Washington, pointing out that pants factories were closing down and men were being put out of work in New York, while unskilled men were being trained to make pants elsewhere. As a result, the War Production Board agreed to extend the negotiated contract system into this field on a basis whereby New York City could receive a more normal share of the business.

The Department of Commerce is also in frequent touch with officials of the War Production Board in efforts to mitigate as much as possible the disastrous effects of priority orders on certain of the city's industries. This is a difficult and tedious job but the work is more than justified by letters such as the following received from the chief executive of a leading manufacturers' trade association, written to Mr. Meiklejohn, Director of the Department.

"I have long been of the opinion that the work of your Department and of the Mayor, and of the Mayor's Business Advisory Committee, have been the only important help worth while in connection with what we were trying to do. I want to say this as clearly and

as emphatically as I am able to. No matter what results are ultimately achieved, no matter whether little or no good comes of what you have done, your work and the work of all those associated with you, in trying to help our industry, outweighed in influence and effectiveness the work of all the rest of us put together."

The budget of the New York City Department of Commerce in 1940 was \$10,000, of which only \$7,560 was expended; in 1941 it was \$7,560, and in 1942 \$8,721. That it has been able to function with such a small budget is due in large measure to the voluntary services and financial assistance provided by the members of the Mayor's Business Advisory Committee.

Whatever consideration the New York City Department of Commerce and the Mayor's Business Advisory Committee may be able to give to the problems of business and finance, we shall not attempt to gloss over the mistakes or faults of the past. But we shall strive always to show that despite its limitations New York City has true greatness among the cities of the world. We shall strive to keep the flavor and color of our rich local traditions. And in the larger issues with which we have been confronted since the tragedy of Pearl Harbor, and where the immediate needs are the greatest, we shall stand together as one great nation and one great people, for the ideals which are the heart of America.

CANADIAN PRICE CEILING

(Continued from page 10)

These data indicate that business can continue to survive in the early months of a general price ceiling plan, but they do not indicate the extent to which financial reserves may have been drawn upon or total profits affected. In the longer run, it seems probable the number of failures will be increased due to the combined pressure of smaller profit margins and shortages.

Although the measurement of compliance is an impossible one, reports from Canada indicate relatively few violations to date. Most of those reported were concerned with sugar and gasoline rationing and rents.

The combination of the roll back, the economics program, and the subsidy

program plus a highly effective publicity campaign and a strong determination that the program must succeed, have resulted in no changes of significance in the general retail price level. But new problems are beginning to emerge which will complicate the control. New production of many products, especially those using strategic materials, has been severely curtailed or completely prohibited. The shortage of goods will become greater with the passage of time.

Although only sugar, coffee, tea, and gasoline are rationed now, a condition of increasing purchasing power, decreasing supplies of goods, and fixed prices must lead to an ever widening

circle of rationed goods with all the administrative problems entailed. In England, Germany, and other countries, the development of black markets has accompanied rationing. There may also be a large amount of evasion in Canada as the goods shortage becomes more acute.

A poll by the Canadian Institute of Public Opinion indicated that only 66 per cent of the Canadian voters queried approved of the government's wage and price stabilization program while 24 per cent disapproved and 7 per cent were undecided. If these figures adequately reflect the Canadian attitude toward the price ceiling (it may be primarily resentment of the wage policy), then a substantial section of the population may have no aversion to patronizing the black market when it develops. However, to the extent that most of the purchasing power is siphoned off, the introduction of rationing and the development of black markets and widespread evasion can be postponed.

The introduction of a forced savings program described as a "minimum savings requirement" and the sharp increase in all types of taxes for the fiscal year 1942-1943, indicate a determination to keep this inflationary pressure at a minimum.

Moreover, fixing the prices of all factors of production does not insure that the final product price can be unchanged. As the volume of production and sales declines, overhead costs must be distributed over a fewer number of units thus making it necessary to obtain higher prices, to curtail profits, or even to suffer losses. Other factors tending to increase costs despite universal price control include: disruptions to transportation, labor turnover, delays in receipt of materials, recourse to less efficient labor, and the need to use substitute materials or higher cost supplies. For a considerable period of time, various measures to cut costs, including concentration of production, may counteract these developments. But in a war economy the tendencies for higher costs become increasingly more acute as the war effort is intensified and its duration lengthened. Hence in one industry after another the pressure will increase as available means of effecting economies are fully utilized and shortages of goods become more severe.

WHETHER YOU PRODUCE FOODS or GOODS MODERN METHODS WIN

*Have you investigated
Inventory Financing?
Field Warehousing?
Douglas-Guardian Service?*



Field Warehousing *By* Douglas-Guardian

It's a grand experience to drive through the country and see the farmers at work with modern power equipment, producing bigger crops for America's War effort.

On the manufacturing front, the modern method called Inventory Financing is doing a magnificent job of helping provide the capital. Douglas-Guardian Service goes anywhere to create sound collateral by Field Warehousing inventory, and speed the way to favorable bank loans. Usually the inventory is in the plant of the producer, sometimes it is elsewhere, even in temporary storage due to transportation jams.

If you need working capital, or are interested in getting on a more profitable financial basis, investigate Douglas-Guardian Service. Glad to send a representative from our office nearest you.



Have You Our Valuable Booklet—New Edition?

It's Free. Comprehensive information on Field Warehousing and Douglas-Guardian Service in pocket size form. Use the convenient coupon below.

**BUY
U. S. WAR
BONDS &
SAVINGS
STAMPS
NOW!**

Douglas-Guardian Warehouse Corp

**Nation-wide Field
Warehousing Service**

CHICAGO, ILL.

Suite 1105—100 W. Monroe St.

New Orleans, La., 118 No. Front Street

Atlanta, Ga.
Cleveland, O.
Dallas, Tex.
Easton, Md.
Los Angeles, Cal.
Memphis, Tenn.
New York, N. Y.

Philadelphia, Pa.
Portland, Ore.
Rochester, N. Y.
San Francisco, Cal.
Springfield, Mass.
Springfield, Mo.
Tampa, Fla.

DOUGLAS-GUARDIAN WAREHOUSE CORP.
Suite 1105—100 W. Monroe St., Chicago, Ill.

Please send FREE and without obligation:

() New edition of Booklet, "Financing the Modern Way."

Company.....

Address.....

Attn. of.....



DUN & BRADSTREET WAR PRODUCTION EMPLOYEE REPORTS

offer the basis for confidence in the loyalty and trustworthiness of all employees whether skilled, unskilled or clerical. These reports are prepared by seasoned investigators who verify statements made by applicants. Their field work is strengthened by ready access to current files on all commercial references, a special feature of the Dun & Bradstreet service. Reports cover family background, occupational record, and reputation for loyalty.

The Service is nationwide and reaches every industrial center. If you would like further details, phone or write the nearest Dun & Bradstreet office, and our representative will discuss the War Production Employee Reports with you or your personnel manager.

DUN & BRADSTREET, INC.

OFFICES IN ALL PRINCIPAL CITIES
OF THE UNITED STATES AND CANADA

NATIONAL INCOME

(Continued from page 19)

an individual, whereas expenditures on automobiles, legal and medical services need not be. Even this distinction, however, holds only for the individual; for society as a whole, tax payments are made with consent.

In similar vein is the comment that inclusion of governmental services in the national income involves double-counting. This statement would be true only on the unrealistic assumption that all governmental services are to business enterprises (that is, are what we have termed intermediate goods). Obviously, a large part of governmental activity represents a service to individuals in their rôle as consumers, that is, goes into ultimate consumption.

At present, all taxes on business enterprises are considered a payment for intermediate goods and therefore are excluded from the national income, that is, are deducted from the gross product. That is a liberal concession to the double-counting school—probably too liberal, as evidenced by recent tendencies among income investigators to include all governmental services, rather than that part not represented by business taxes, in the national income.

Another practice which may be misleading is the comparison of war expenditures of a given country with its national income. Such a comparison can have significance, but it should not be construed to mean that that part of the national income left over after deduction of war expenditures is available for civilians. War expenditures may represent outlays not only for currently produced goods but also for those left over from prior-year production. In addition, war expenditures may be made on goods which would normally have gone into maintaining our present stocks of capital equipment intact. Moreover, war expenditures may constitute a draft upon foreign resources. And finally, that part of war expenditure which comes back to the government in the form of taxes should be excluded from the arms outlays in this comparison. It is true that the first three of these qualifications are short-run considerations, but they may be

important for a given country at a particular time.

Lay readers frequently confuse aggregate payments to individuals with national income, perhaps because the two series are similar in magnitude. The principal distinction between the two lies in the fact that business savings (either positive or negative) are excluded from aggregate payments to individuals but are included in national income. In addition, the former series includes such items as contributions and relief and public assistance payments to individuals—items carefully excluded from the national income. As a result, aggregate payments to individuals is a more stable series, over the years, than is national income. Moreover, the former will exceed or fall short of the latter, depending on whether we are in a period of depression or of prosperity. Therefore, it is important for the layman as well as the economist to distinguish carefully between the two series.

So MUCH for the general meaning of national income estimates. In another article the changes in this country's national income during the two decades intervening between the two World Wars will be pointed out. Not only the changes in the level of national income, but also the changes in its composition, will be surveyed and interpreted. As in the present article, the discussion will be based largely on Professor Kuznets' work for the National Bureau of Economic Research.

DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside the United States, \$5 a year.

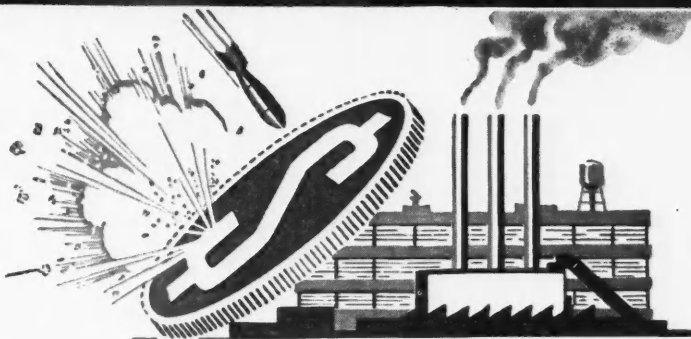
Willard L. Thorp, Editor; Norman C. Firth, Managing Editor and Business Manager.

ASSOCIATE EDITORS: Walter Mitchell, Jr., and A. M. Sullivan (*Contributing*); David H. Lawlor, V. V. Anderson; R. L. Leger (*Business Conditions*); J. A. D'Andrea (*Statistician*); V. F. Hochette (*Regional Trade*); D. S. Davis (*Failures*); Clarence Switzer (*Art Director*).

H. C. Daych, Advertising Manager; Russell B. Smith, Western Advertising Manager, 300 West Adams Street, Chicago, Randolph 8340; Advertising Representatives: Boston—Lawrence Mitchell, 80 Boylston Street, Hancock 5066; San Francisco—R. J. Birch & Co., 155 Sansome Street, Douglas 4393; Los Angeles—R. J. Birch & Co., 607 South Hill Street, Van Dyke 7386.

AUGUST 1942

GOOD BUSINESS NEWS



MODERN FINANCING FOILS A BLITZ!

Money troubles began to plague the Zee Company* in 1939. Despite normal sales of \$1,966,767 there was a net loss of \$29,111.

This was a setback—but not a fatal one. However, when the \$200,000 credit line, which this company had enjoyed for years was suddenly withdrawn, the temporary embarrassment became a critical situation.

The first quarter of 1940 was desperate. News of the financial situation must have been grapevined around. Soon the creditors were pressing hard. The Company was on the hunt for more adequate financing.

By April, when they contracted for our service, it was acknowledged that without it they would have had to resort to reorganization financing. We immediately made substantial advances against their receivables and the crisis was past.

That year, with about the same volume as in 1939, they showed a small profit. Their working capital was increased from \$183,882 to \$212,971.

In 1941, they really reaped the advantages of the new flexible financing. Year end figures showed:

SALES	NET PROFIT	WORKING CAPITAL
\$2,612,328	\$90,032	\$305,413

On the basis of their current position, doubtless their former financing connections would be glad to make an "about face" and revive the original credit line. The Zee Company, however, prefer the arrangements they now have with Commercial Credit Company.

* * * * *

Though this case demonstrates the value of our service in an emergency, with our OPEN ACCOUNT financing service your receivables and your inventories provide ample cash as you need it, eliminate the uncertainty of sudden changes in your working capital requirements and permit you to operate at capacity. Why not look into this? For complete information write for booklet "ANCHOR TO WINDWARD." Address Dept. 1507

*A fictitious name, but the facts and figures, taken from our files, can be verified.

Commercial Credit Company

"NON-NOTIFICATION" OPEN ACCOUNT FINANCING

Baltimore

Boston New York Chicago San Francisco Los Angeles Portland, Ore.

CAPITAL AND SURPLUS MORE THAN \$65,000,000



NATIONAL CAPITOL—EWING GALLOWAY

*T*HE controversy over methods of producing artificial rubber is indicative of a danger in our national processes. The average citizen has a real concern that something be done about the problem. He is not interested in whether this or that technical process be used. He wants to see progress made, and made speedily.

The determination that the problem is urgent, being a reflection of the public will, is a political decision. Exactly what form of new facility should be constructed, being a matter of chemical engineering and relative scarcities, is a technical determination.

The ideal procedure is for the legislative branch, representing the popular will, to insist on action, but to leave the determination of technical methods to the executive branch of the government.

Business men, accustomed to problems of organization, should be the first to recognize that if they wish a speedy and efficient transition to a war economy they should not urge that the detailed pattern be determined in the legislative halls. "Legislative" relates to basic policy determination; "Executive" relates to action and accomplishment.

☆ ☆ ☆ ☆ ☆ ☆ ☆

Willard L. Thorp.
E D I T O R

Gentlemen: It is interesting news that in your manufactory at South Windham you are now making the Fourdrinier paper machine, invented in France by Louis Robert and first successfully developed in Dartford, Kent, by the brothers Henry and Sealy Fourdrinier. We bespeak your success in this venture, for it is our feeling that the art of making paper by hand must eventually be linked to that of the machine if we would supply our expanding population with a sufficiency of paper of American manufacture.

Our mill here is undergoing a gradual transition in this respect. We have installed a cylinder machine and have in contemplation a dryer of like design. In time, no doubt, we shall give consideration to the installation of one of the machines you are making. However, it is my inclination to adapt mechanical means to our ways of making paper, rather than to change abruptly to conform to methods that are still in an experimental stage. This may appear to you to be a somewhat slow approach to progress, but I am one to hold fast to quality as the true test of manufacture, rather than to embrace volume as its measure.

Such was the standard we set for ourselves when we established this mill here thirty years ago, and we have adhered to it with the greatest fidelity, making our papers from cotton and linen fibres only, the sole materials from which enduring paper can be made. Such is our standard today, and it is the one I purpose to hand on to my sons, who are now learning how to make paper.

We shall welcome the first opportunity that presents itself to visit you and observe the workings of the new machine, holding as we do a receptive mind for all advances in mechanics that may be harmonized with individual skills and abilities.

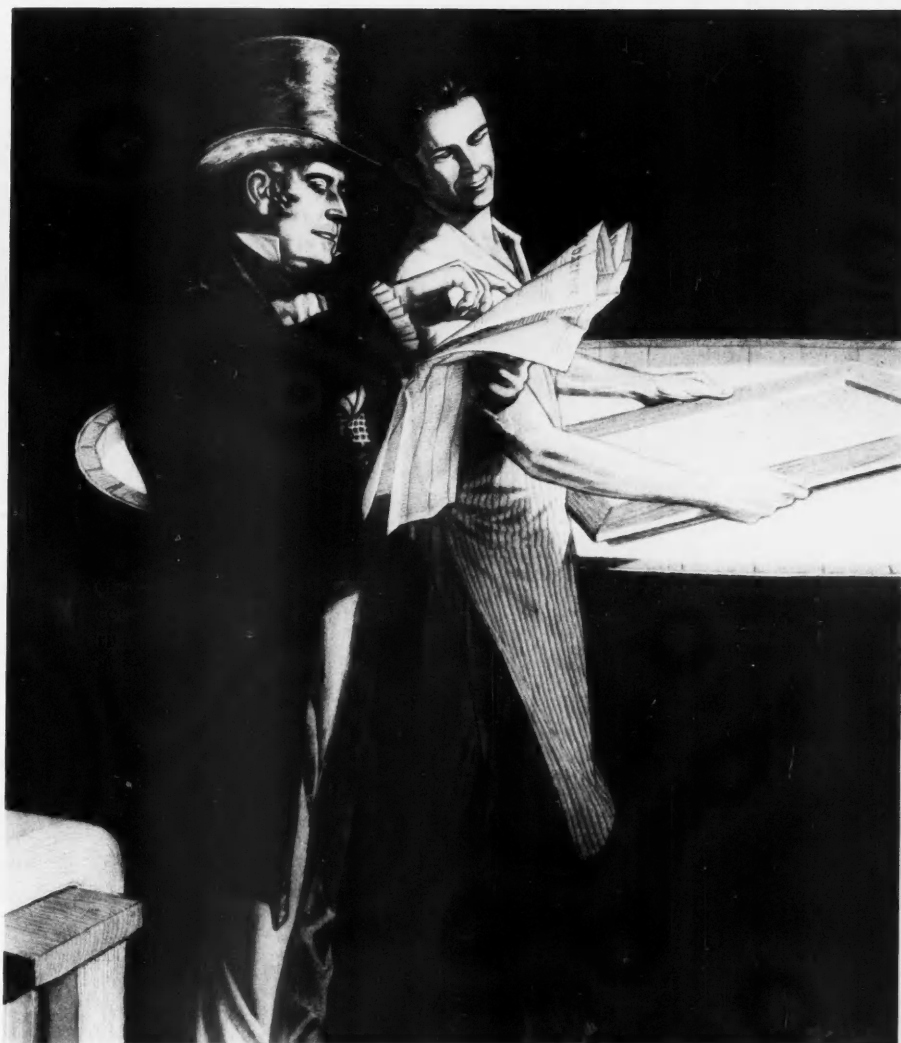
With my respects, I am

Yours truly,
ZENAS CRANE

Dalton, Massachusetts

May 5, 1831

NOW—as then—Crane holds fast to quality as the true test of manufacture and, by modern methods and the accumulated experience and skill of five generations, converts cotton and linen fibres into enduring, distinctive papers for letters, documents of importance and record, and tokens of value such as the United States War Bonds you are buying in aid of your country and that all men may be free.



CRANE'S FINE PAPERS • MADE IN DALTON, MASSACHUSETTS • SINCE 1801



DESTINATION, UNKNOWN!

For nearly two years York equipment for service on land and sea, with American forces and with our allies, has been leaving York plants for destinations unknown to us.

In some cases we have not even known the purpose of the equipment we have built and assembled. But we do know that every last man at York is in the war, has played an essential part in the service of supply for a long time.

York air conditioning and refrigeration have been under fire in American battleships, cruisers, de-

stroyers, submarines and cargo ships on both sides of the world, are serving in U.S. bases all over the globe, in cantonments at home, and in portable field units, location unknown.

York refrigeration is speeding production of high octane aviation gas, of munitions, of steel, of blood plasma and a thousand other desperate needs of a nation fighting for its life.

York Ice Machinery Corporation,
York, Pennsylvania.



“KEEP’EM FLYING!”

YORK REFRIGERATION AND AIR CONDITIONING

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885

